

Rights Issue Prospectus of Saudi Industrial Development Company (SIDC)



الشركة السعودية للتنمية الصناعية
SAUDI INDUSTRIAL DEVELOPMENT CO.

Saudi Industrial Development Company (SIDC) is a Saudi public joint stock company, established pursuant to Ministerial Resolution No. (1004) dated 13/09/1412H (corresponding to 18/03/1992 G) licensing the Company's establishment, and Ministerial Resolution No. (673) dated 20/06/1413H (corresponding to 15/12/1992G) announcing the establishment of the Company. The Company is registered in the Commercial Register in the city of Jeddah under certificate No. (4030092792) dated 17/07/1413H (corresponding 10/01/1993G).

Offering sixteen million five hundred thousand (16,500,000) ordinary shares at an Offer Price of ten (10) Saudi Riyals per share through a Rights Issue representing an increase by approximately (122.22%) of the Company's current capital, bringing the capital after the Rights Issue to three hundred million (300,000,000) Saudi Riyals. Accordingly, the number of shares will increase from thirteen million five hundred thousand (13,500,000) ordinary shares to thirty million (30,000,000) ordinary shares.



Starting from ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G)
and ending on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G)



Starting from ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G)
and ending on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G)

Saudi Industrial Development Company (SIDC) (hereinafter referred to as "the Company" or the "Issuer" or "SIDC"), is a Saudi public joint stock Company incorporated pursuant to Ministerial Resolution No. (1004) dated 13/09/1412H (corresponding to 18/03/1992G) licensing the Company's establishment, and Ministerial Resolution No. (673) dated 20/06/1413H (corresponding to 15/12/1992G) announcing its establishment. The Company is registered in the Commercial Register in the city of Jeddah under certificate No. (4030092792) dated 17/07/1413H (corresponding 10/01/1993G). At the time of its incorporation, the Company's capital amounted to four hundred million (400,000,000) Saudi Riyals, divided into four million (4,000,000) shares of equal value, each of which is worth one hundred (100) Saudi Riyals. The Company's Head Office is located in Jeddah – Prince Mohammed bin Abdulaziz Road – P.O. Box 12105 – Jeddah 21473, Kingdom of Saudi Arabia.

The current Share Capital of the Company is one hundred and thirty-five million (135,000,000) Saudi Riyals, divided into thirteen million five hundred thousand (13,500,000) ordinary shares at a nominal value of ten (10) Saudi Riyals per share, all of which are fully paid shares (hereinafter referred to as "Existing Shares"). As of the date of this Prospectus, the Company does not have any substantial shareholders (those who own 5% or more of the Company's shares).

On 19/11/1445H (corresponding to 27/05/2024G), the Company's Board of Directors recommended reducing the Company's capital from four hundred million (400,000,000) Saudi Riyals to one hundred and thirty-five million (135,000,000) Saudi Riyals, and subsequently increasing it from one hundred and thirty-five million (135,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals through a Rights Issue with a total value of one hundred and sixty-five million (165,000,000) Saudi Riyals, in order to enable the Company to implement its operational plans, support working capital and enhance its financial position (for more details regarding the proceeds of the offering, please refer to Section (6) "Use of Offer Proceeds" of this Prospectus). This increase is subject to the approval of the Capital Market Authority (hereinafter referred to as the "Authority" or "CMA"), the Saudi Tadawul Group, and the Company's Extraordinary General Assembly. On 16/03/1446H (corresponding to 19/09/2024G), the Extraordinary General Assembly approved the Board of Directors' recommendation to reduce the Company's capital from four hundred million (400,000,000) Saudi Riyals to one hundred and thirty-five million (135,000,000) Saudi Riyals, for the purpose of restructuring the capital to extinguish accumulated losses amounting to two hundred and sixty-five million (265,000,000) Saudi Riyals of the Company's total accumulated losses.

On ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G), the Extraordinary General Assembly approved the Company's capital increase through a Rights Issue by offering sixteen million five hundred thousand (16,500,000) new ordinary shares (hereinafter referred to as "Rights Issue Shares" or "New Shares") at an offer price of ten (10) Saudi Riyals per share (hereinafter referred to as the "Offer Price"), with a nominal value of ten (10) Saudi Riyals, in order to increase the Company's capital after the completion of the offering process from one hundred and thirty-five million (135,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals, representing an increase of approximately (122.22%) of the Company's current capital.

The Rights Issue will be issued as tradable securities (collectively referred to as "Rights Issue" and individually as "Right Issue") granted to shareholders holding shares at the end of the trading day on which the Extraordinary General Assembly to approve the capital increase is held ("Eligibility Date"), and who are registered in the Company's shareholders' register with the Depository Center (Edaa) at the end of the second trading day following the day of the Extraordinary General Assembly's meeting approving the capital increase on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) (collectively referred to as the "Registered Shareholders" and individually as the "Registered Shareholder"), provided that such rights will be deposited into the registered shareholders' portfolios at the end of the second trading day following the Extraordinary General Assembly meeting approving the capital increase and taking into account the settlement procedures with approximately (1.222) right for each (1) share owned on the Eligibility Date, and each right entitles its holder to subscribe to one (1) new share at the Offer Price.

Registered Shareholders and other investors ("New Investors") who may trade in Rights and subscribe to New Shares will be able to trade and subscribe for the Rights Issue in the Saudi Stock Exchange (hereinafter referred to as "Tadawul" or "The Exchange"). The Trading Period and Subscription Period start (3) working days after the Extraordinary General Assembly's approval on the capital increase on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G), provided that the Trading Period ends on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) (the "Trading Period") while the subscription period continues until ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) ("Subscription Period"). It should be noted that the Trading Period and Subscription Period will start on the same day, with the Trading Period continuing until the end of the sixth day, and the Subscription Period through the end of the ninth day of the same period. Trading hours for Rights will be from (10:00) am to (3:00) pm during the Trading Period, while the subscription hours for Rights Issue will be from (10:00) am until (2:00) pm.

Registered Shareholders will be able to trade their Rights during the Trading Period, by selling the acquired Rights or part thereof, or purchasing additional Rights through the Market. They have the right not to take action regarding their shares. Also, New Investors will be able, during the Trading Period, to purchase Rights through the Market and sell them during the same period.

Subscription to New Shares during the Subscription Period will be through one phase according to the following:

- During this period, all Registered Shareholders and New Investors are entitled to subscribe to the New Shares.
- The Registered Shareholder will be entitled to subscribe directly to the number of their shares or less during the Subscription Period. In case the Registered Shareholder purchases new Rights, they will be allowed to subscribe for them after the end of the settlement period (two Business Days).
- The New Investors are entitled to subscribe to the New Shares after the end of the settlement period (two Business Days).
- The subscription will be available electronically through the investment portfolio on the trading platforms and applications through which the sale and purchase orders are entered, in addition to subscription through other channels and means provided by the broker.

If any Shares remain unsubscribed at the end of the Subscription Period (the "Rump Shares"), they will be offered to a number of institutional investors (hereinafter referred to as "Institutional Investors") (this offering is referred to as the "Rump Offering" and the price at which these shares are offered as "Rump Offer Price"). These

Institutional Investors submit bids to purchase the Rump Shares, provided that no bid is below the Offer Price. Offers will be accepted starting (10:00) am on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) until (5:00) pm on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) ("Rump Offering Period"). Rump Shares will be allocated to the Institutional Investors with the highest bid, then in descending order of bid prices (provided that the price isn't below the Offer Price), with pro-rata allocation in case of identical bids. Fractional shares will be added to the Rump Shares and treated similarly. The total proceeds resulting from the Rump Offering shall be allocated to the Company, and any surplus (in excess of the Offer Price) will be distributed without any fees or deductions to Eligible Persons who have not exercised their right to subscribe in whole or in part, on a pro-rata basis, no later than ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G).

In the event that Institutional Investors have not subscribed to all the Rump Shares and fractional shares (if any), such shares shall be allocated to the Underwriter who will purchase them at the Offer Price (for more information, please refer to Section 12 "Information Related to the Shares and Offering Terms and Conditions"). The final allocation results will be announced no later than ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) ("Allocation Date") (for more information, please refer to Section (12) "Information Related to the Shares and Offering Terms and Conditions").

Upon completion of the Subscription process, the Company's share capital shall reach three hundred million (300,000,000) Saudi Riyals divided into thirty million (30,000,000) ordinary shares. The net proceeds from the Subscription will primarily be used to support the Company's operational plans, enhance working capital, and strengthen its financial position (for more information, please refer to Section (6) "Use of Offer Proceeds").

All of the Company's shares are of the same class and do not grant any preferential rights. The New Shares will be fully paid and equal in all respects to the Existing Shares. Each share entitles its holder to one vote, and each shareholder (the "Shareholder") has the right to attend and vote in the General Assembly's meetings (referred to as the "General Assembly") (whether ordinary or extraordinary). Holders of the New Shares will be entitled to any dividends declared by the Company after their issuance date (if any).

The Company's capital upon establishment amounted to four hundred million (400,000,000) Saudi Riyals, divided into four million (4,000,000) shares of equal value, each worth one hundred (100) Saudi Riyals. On 10/08/1413H (corresponding to 02/02/1993G), the Company's entire shares were registered and listed on the main market with a number of four million (4,000,000) shares, each valued at one hundred (100) Saudi Riyals, with a total value of four hundred million (400,000,000) Saudi Riyals, whereby the founding shareholders, numbering (378) shareholders, subscribed to one million five hundred and thirty-one thousand (1,531,000) shares with a total value of one hundred and fifty-three thousand and one hundred thousand (153,100,000) Saudi Riyals, representing (38.275%) of the capital. The remaining two million four hundred and sixty-nine thousand (2,469,000) shares, with a total value of two hundred and forty-six million and nine hundred thousand (246,900,000) Saudi Riyals, representing (61.725%) of the capital, were offered for public subscription. On 02/29/1419H (corresponding to 06/23/1998G), the Extraordinary General Assembly approved amending Article (7) of the Bylaws by amending the nominal value of the share from one hundred (100) Saudi Riyals to fifty (50) Saudi Riyals, making the Company's capital four hundred million (400,000,000) Saudi Riyals divided into eight million (8,000,000) shares of equal value, each with a nominal value of fifty (50) Saudi Riyals, all of which are ordinary and cash shares. On 17/03/1427H (corresponding to 15/04/2006G), the Company's shares were split from eight million (8,000,000) shares to forty million (40,000,000) shares with a nominal value of ten (10) Saudi Riyals based on the Council of Ministers' resolution on 27/02/1427H (corresponding to 27/03/2006G) stipulating that the nominal value of shares in joint stock companies should be ten (10) Saudi Riyals. On 16/03/1446H (corresponding to 19/11/2024G), the Extraordinary General Assembly approved the Board of Directors' recommendation issued on 19/11/1445H (corresponding to 27/05/2024G) to reduce the Company's capital from four hundred million (400,000,000) Saudi Riyals to one hundred and thirty-five million (135,000,000) Saudi Riyals, for the purpose of restructuring the capital to extinguish accumulated losses amounting to two hundred and sixty-five million (265,000,000) Saudi Riyals from the Company's total accumulated losses, after obtaining the CMA's approval on the request to reduce its capital from four hundred million (400,000,000) Saudi Riyals to one hundred and thirty-five million (135,000,000) Saudi Riyals, and thus reducing the number of shares from forty million (40,000,000) shares to thirteen million five hundred thousand (13,500,000) shares.

The Company's Existing Shares are currently traded on the Saudi Stock Exchange and the Company has submitted a request to the Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority") to register and offer the New Shares subject to this Prospectus and has also submitted a request to Saudi Tadawul Group "Tadawul" to accept the listing of such shares. All required documents have been submitted, all regulatory requirements have been fulfilled, and all necessary approvals related to the offering and listing, including this Prospectus, have been obtained. Trading of the New Shares on Tadawul is expected to start upon the final allocation of the New Shares and the refund of the surplus (for more information, please refer to page (x) "Key Dates and Subscription Procedures"). Upon registration and acceptance for listing, the New Shares will be available for trading by Saudi citizens, non-Saudi nationals holding valid residence permits, GCC nationals (the Cooperation Council), as well as Saudi and GCC companies, banks, institutions, investment funds, and to Foreign Investors that are qualified as per the rules regulating foreign investment in securities. Furthermore, other categories of foreign investors will be entitled to acquire the economic benefits associated with the New Shares by entering into swap agreements with persons authorized by the CMA (the "Authorized Persons"), noting that in such case, the Authorized Person is the legal owner who registers the Shares.

The present Prospectus has to be read in its entirety and the "Important Notice" section on page (i) and Section (2) "Risk Factors" as provided herein has to be considered carefully before making any investment decision regarding the Rights or New Shares.

Financial Advisor, Lead Manager and Underwriter

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This prospectus includes information provided as part of the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of the Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority") and the application for listing of securities in compliance with the Listing Rules of the Saudi Stock Exchange Company. The directors, whose names appear in this prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts that omission of which would make any statement herein misleading. The Authority and the Saudi Stock Exchange do not take any responsibility for the contents of this prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus.

The offering of Rights Issue shares under this Prospectus is subject to the approval of the shareholders on the capital increase based on the recommendation of the Board of Directors and the Company obtaining the regulatory approvals. An invitation to hold an extraordinary general meeting of the Company to approve the issuance of the Rights Issue has been published on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G). Shareholders should be aware that if shareholders' approval for the issuance of the Rights Issue is not obtained, the issuance of the Rights Issue will automatically be cancelled. In such case, this Prospectus will be deemed void and shareholders will be notified accordingly.

This unofficial English language translation of the official Arabic language Prospectus is provided for information purposes only. The Arabic language Prospectus published on the CMA's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two texts.

This Prospectus was issued on 16/02/1447H (corresponding to 10/08/2025G).



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SAUDI INDUSTRIAL DEVELOPMENT CO.

www.sidc.com.sa



Important Notice

This Prospectus (the “**Prospectus**”) provides detailed information pertaining to Saudi Industrial Development Company (SIDC) and the Rights Issue being offered for subscription. When applying to subscribe for New Shares, investors will be treated on the basis that their applications are based on the information provided in this Prospectus, a copy of which can be obtained from the Company’s headquarters and from the Lead Manager, or by visiting the websites of the Company (www.sidc.com.sa), the Financial Advisor (www.alinmacapital.com), and the Capital Market Authority (www.cma.org.sa).

This Prospectus will be published and made available to the public within a period not less than (14) days prior to the date of the Extraordinary General Assembly’s meeting for capital increase. In the event that the Extraordinary General Assembly does not approve the capital increase within six (6) months from the date of CMA’s approval on the registering and offering of the Rights Issue, such approval will be deemed void.

The Company has appointed Alinma Capital (**Alinma Capital**) as the financial advisor (“**Financial Advisor**”), lead manager (“**Lead Manager**”), and underwriter (the “**Underwriter**”), for the Rights Issue to increase the Company’s capital pursuant to this Prospectus.

This Prospectus contains information provided according to the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the CMA’s Board pursuant to Resolution No. (3-123-2017), dated 09/04/1439H (corresponding to 27/12/2017G), based on the Capital Market Law issued by Royal Decree No. (M/30), dated 02/06/1424H (corresponding to 31/07/2003G), amended by CMA Board Resolution No. (3-114-2024) dated 04/04/1446H (corresponding to 07/10/2024G). The Board members, whose names appear on page (iii) of this Prospectus, collectively and individually, accept full responsibility for the accuracy of the information provided in this Prospectus, and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, that there are no other facts, the omission of which would make any statement herein misleading. Neither the CMA nor the Saudi Exchange takes any responsibility for the content of this Prospectus, and they do not provide any confirmation on its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of it.

While the Company has made all reasonable enquiries to ensure the accuracy of information provided in this Prospectus as of its issuance date, a part of such information is derived from external sources. Although neither the Company nor any of its directors, Board members, Financial Advisor or other Advisors listed on page (v) of this Prospectus has an evident reason to believe that the information is materially inaccurate, such information has not been independently verified, and no representation or warranty can be given regarding its accuracy or completeness.

The information provided in this Prospectus as of its issue date is subject to amendment, especially as the actual financial position of the Company and the value of the offering shares may be adversely affected by future developments, such as inflation, interest rates, taxes, or other economic, political factors, or other factors beyond the Company’s control (for more information, kindly refer to Section 2 “**Risk Factors**” of this Prospectus). Neither the delivery of this Prospectus nor any oral or written information in relation to the offering shares shall be deemed a promise, assurance, or guarantee of any future earnings, results, or events.

This Prospectus should not be considered as a recommendation by the Company, its Board members, or any of the advisors to subscribe to the Rights Issue shares. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without considering any individual investment objectives, financial situation, or specific investment needs. Each recipient of this Prospectus, before making an investment decision, has to obtain professional advice from a financial advisor licensed by the CMA regarding the subscription in order to assess the suitability of this investment and the information provided in this Prospectus with respect to their objectives, conditions and financial needs.

Registered shareholders and other investors (“**New Investors**”) eligible to trade in the Rights and subscribe to the New Shares, will be able to do so on the Saudi Exchange (“**Tadawul**” or “**Exchange**”). The Trading Period and the Subscription Period shall commence after three (3) days from the approval of the Extraordinary General Assembly on the capital increase, on ●● ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G), with the Trading Period ending on ●● ●●/●●/1446H (corresponding to ●●/●●/●●●●G) (the “**Trading Period**”), and the Subscription Period continuing until the end of ●● ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) (the “**Subscription Period**”).

It should be noted that the Trading Period and the Subscription Period will begin on the same day. While the Trading Period will continue until the end of the sixth day, the Subscription Period will continue until the end of the ninth day from the beginning of the same period.

Registered Shareholders will be able to trade their Rights during the Trading Period, by selling the acquired Rights or part thereof or purchasing additional Rights through the market. New Investors will also be able to buy and sell Rights on the market during the Trading Period or subscribe to them during the Subscription Period.

Subscription to the New Shares will be available during the Subscription Period at one phase according to the following:

1. During this period, all Registered Shareholders and New Investors will be entitled to subscribe to the New Shares.
2. Registered Shareholders will be entitled to subscribe directly to the number of shares up to or less their entitlement during the Subscription Period. If they purchase new Rights, they will be able to subscribe to them after the end of the settlement period (two Business Days).
3. The New Investors will be entitled to subscribe to the New Shares after the end of settlement period (two Business Days).
4. Subscription will be available electronically through investment portfolios on the trading platforms and applications used for placing sale and purchase orders, as well as other means and channels provided by the broker.

If any shares remain unsubscribed to during the Subscription Period (the “**Rump Shares**”), they will be offered to a number of institutional investors (referred to as “**Institutional Investors**”); such offering is referred to as (the “**Rump offering**”).

Institutional Investors have to submit their offers to purchase Rump Shares and receipt of such offers will start at (10) AM on ●●●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) until (5) PM on ●●●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) (the “Rump Offering Period”). Rump Shares will be allocated to Institutional Investors with the highest bid to the lowest, provided that it is not less than the Offer Price. These shares will be allocated proportionally to the Institutional Investors who tendered offers at the same price.

Any fractional shares will be added to the Rump Shares and be treated similarly. The total proceed from the Rump Offering will be paid to the Company, and any surplus exceeding the Offer Price will be distributed, without any fees or deduction, to the eligible persons, each according to what they may be entitled to no later than ●●●●/●●/●●●●H (corresponding to ●●/●●/●●●●G). Please note that the investor who neither subscribe nor sell their rights, and the holders of fractional shares, may receive no compensation if the sale is made during the Rump Offering Period at the Offer Price. In the event that Institutional Investors have not subscribed to all the Rump Shares and fractional shares, Rump Shares will be allocated to the Underwriter who will purchase them at the Offer Price (for more information, please refer to Section 12 “**Information Related to the Shares and Offering Terms and Conditions**”). The final allocation of the New Shares will be announced no later than ●●●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) (the “**Allocation Date**”) (for more information, please refer to Section 12 “**Information Related to the Shares and Offering Terms and Conditions**”).

The offering of Rights Issue shares under this Prospectus is subject to the approval of the shareholders to increase the capital in accordance with the recommendation of the Board of Directors and obtaining regulatory approvals. An invitation to hold the Company’s Extraordinary General Assembly meeting to approve the issuance of the Rights Issue shares has been published on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G). Shareholders should be aware that if shareholders’ approval is not obtained to increase the capital through the Rights Issue, the issuance of the Rights Issue shares will automatically be cancelled, and this Prospectus will be deemed void and shareholders will be notified accordingly.

Sector and Market information

The information and data related to the Saudi economy and the consumer durables and apparel sector (furniture, mattresses and ceramics in the Kingdom of Saudi Arabia and the furniture, mattresses and foam sector in the Arab Republic of Egypt), and the market data included in this Prospectus have been obtained from various sources. While there is no evident reason to doubt the accuracy of this information, it is important to note that the Board members, Shareholders and Advisors have not independently verified the accuracy of such information and data. Consequently, no representation is made with respect to the accuracy and completeness of any of this information.

Financial Information

The consolidated financial statement for the financial year ended December 31, 2021G, were audited by PKF Al Bassam Chartered Accountants. The consolidated financial statements for the two financial years ended December 31, 2022G, and 2023G were audited by Dr. Mohamed Al – Amri & Co. – Certified Accountants. The interim condensed consolidated financial statements (unaudited) for the six-month period ended June 30, 2024G were reviewed by Crowe Solutions for Professional Consulting Company.

The consolidated financial statements for the financial years 2021G, 2022G, and 2023G, and the accompanying notes thereto, have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The interim condensed consolidated financial statements (unaudited) for the six-month period ended June 30, 2024G and the accompanying notes have been prepared in accordance with International Accounting Standard (34) “Interim Financial Reporting” adopted in the Kingdom of Saudi Arabia and other standards and pronouncements adopted by SOCPA.

The Company issues its financial statements in Saudi Riyals. Some financial and statistical information provided in this Prospectus has been subjected to rounding adjustments. Therefore, total figures in certain tables may not equal the addition of the individual items.

Forecasts and Forward-Looking Statements

The forecasts set forth in this Prospectus have been prepared on the basis of specific and announced assumptions. The Company’s future conditions may differ from these assumptions; therefore, no affirmation or guarantee can be made with respect to the accuracy or completeness of any of these forecasts. The Company affirms that professional due diligence was considered in the statements included herein.

Some forecasts in this Prospectus constitute “forward-looking statements.” Such statements can generally be identified by the use of forward-looking words such as “plans,” “determines,” “intends,” “estimates,” “expects,” “is expected,” “may,” “possibly,” “will,” “would be” or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance. Many factors can cause the performance, the achievements or the results of the Company to be significantly different from any future results, performance, or achievements that may be expressed or implied. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (kindly refer to Section 2 “**Risk Factors**” of this Prospectus). Should any one or more of these factors or risks materialize or any underlying assumptions prove to be inaccurate or incorrect, the Company’s actual results may vary substantially from those described in this Prospectus.

In compliance with the requirements of article (29) of Rules on the Offer of Securities and Continuing Obligations, the Company has to submit a supplementary Prospectus to the Capital Market Authority if, at any time after the publication of this Prospectus and before the completion of the offering, the Company becomes that: (1) there has been a significant change in material matters contained in the Prospectus or; (2) additional significant matters have become known which would have been required to be included in the Prospectus. Except in the

aforementioned circumstances, the Company does not intend to update or amend any information provided in this Prospectus, pertaining to the industry, market, forward-looking statements whether as a result of new information, future events or otherwise. As a result of the foregoing and other risks, uncertainties and assumptions, expectations for future events and circumstances set out in this Prospectus may not occur as expected by the Company or may not occur at all. Eligible Persons should examine all forward-looking statements in the light of these explanations and not rely primarily on these forward-looking statements.

Company's Directory

#	Name	Position	Nationality	Age	Membership Status	Date of Appointment*	Owned Shares					
							Direct Ownership		Indirect Ownership**		Total Ownership	Total Percentage
							Number	Percentage	Number	Percentage		
1	Abdulelah Mohamed Abdulrahman Alasakr	Board Chairman	Saudi	46	Non-executive	28/05/1443H (corresponding to 01/01/2022G)	337	0.0024963%	-	-	337	0.0024963%
2	E.ng Bandar Abdullah Ibrahim Alhomaiddhi	Vice Chairman of the Board and Managing Director	Saudi	47	Executive	28/05/1443H (corresponding to 01/01/2022G)	598,326	4.4320444%	35,934	0.2661786%	634,260	4.698223%
3	Ibrahim Abdullah Ibrahim Alhemaiddhi	Board Member	Saudi	58	Non-executive	28/05/1443H (corresponding to 01/01/2022G)	674,998	4.9999852%	272,090	2.0154847%	947,088	7.0154699%
4	Ahmed Abdullah Abdulrahman Alkanhal	Board Member	Saudi	51	Non-executive	28/05/1443H (corresponding to 01/01/2022G)	337	0.0024963%	-	-	337	0.0024963%
5	Ahmed Abdullah Abdulrahman Almohsen	Board Member	Saudi	49	Non-executive	28/05/1443H (corresponding to 01/01/2022G)	337	0.0024963%	-	-	337	0.0024963%
6	Saeed Taher Saeed Alzahrani	Board Member	Saudi	45	Non-executive	28/05/1443H (corresponding to 01/01/2022G)	337	0.0024963%	-	-	337	0.0024963%
7	Saleh Hamd Saleh Alshraim	Board Member	Saudi	47	Non-executive	28/05/1443H (corresponding to 01/01/2022G)	337	0.0024963%	-	-	337	0.0024963%
8	Naser Mashary AlFarhoud	Board Member	Saudi	51	Independent	28/05/1443H (corresponding to 01/01/2022G)	354	0.0026222%	-	-	354	0.0026222%
9	Ali Ahmed Othman Al Dharwi	Board Member	Saudi	49	Independent	28/05/1443H (corresponding to 01/01/2022G)	1,012	0.0074963%	-	-	1,012	0.0074963%
10	Omar Bin Ibrahim Bin Abdullah Alnasser	Board Member	Saudi	63	Independent	28/05/1443H (corresponding to 01/01/2022G)	77	0.0005704%	-	-	77	0.0005704%
Secretary of the Board												
1	Muawiya Mustafa Abdelrahman	Secretary of the Board	Saudi	52	-	01/07/1446H (corresponding to 01/01/2025G)	-	-	-	-	-	-

Source: The Company

* On 07/12/1445H (corresponding to 13/06/2024G), the Ordinary General Assembly approved the election of the Board of Directors for the session starting from 01/07/1446H (corresponding to 01/01/2025G) for a period of three (3) years ending on 03/08/1449H (corresponding to 31/12/2027G). On 01/07/1446H (corresponding to 01/01/2025G), the Board of Directors decided to appoint Mr. Abdulelah Mohamed Abdulrahman Alasakr as Chairman of the Board of Directors, E.ng Bandar Abdullah Ibrahim Alhomaiddhi as Vice-Chairman of the Board of Directors and Managing Director, and Mr. Muawiya Mustafa Abdelrahman as Secretary of the Board of Directors.

** The indirect ownership of the Board of Directors members is represented by their ownership in companies that own shares in SIDC. As of the date of this Prospectus, the Board of Directors members have indirect ownership as follows:

- The Vice Chairman of the Board of Directors and Managing Director, E.ng Bandar Abdullah Ibrahim Alhomaiddhi, has an indirect ownership of (35,934) shares representing (0.2661786%) of the Company's total through: (1) his ownership of (6.034%) in the capital of Abdullah Ibrahim Alhomaiddhi Sons Holding Company, which owns (93.255%) of the capital of Radstar Investment Projects Company, which in turn owns (4.4256963%) of SIDC's capital, and (2) his ownership of (6.034%) in the capital of Abdullah Ibrahim Alhomaiddhi Sons Holding Company, which owns (6.420%) of the capital of Radstar Investment Projects Company, which in turn owns (4.4256963%) of SIDC's capital.
- The Board Member Mr. Ibrahim Abdullah Ibrahim Alhemaiddhi has an indirect ownership of (272,090) shares representing (2.0154847%) of the Company's total shares through: (1) his ownership of (45.689%) in the capital of Abdullah Ibrahim Alhomaiddhi Sons Holding Company, which owns (93.255%) of the capital of Radstar Investment Projects Company, which in turn owns (4.4256963%) of the SIDC's capital, and (2) his ownership of (45.689%) in the capital of Abdullah Ibrahim Alhomaiddhi Sons Holding Company, which owns (6.420%) of the capital of Radstar Investment Projects Company, which in turn owns (4.4256963%) of SIDC's Capital.

Company's Address and Representatives

Company's Address

Saudi Industrial Development Company (SIDC)

Jeddah – Prince Mohammed Bin Abdulaziz Street P.O. Box 12105 – Jeddah 21473

Kingdom of Saudi Arabia

Phone Number: +966 (12) 6102222

Fax Number: +966 (12) 6105555

Website: www.sidc.com.sa

E-mail: info@sidc.com.sa



Company's First Authorized Representative

Name: E.ng Bandar Abdullah Ibrahim Alhomaidhi

Position: Vice Chairman of the Board and Managing Director

Address: P.O. Box 12105 – Jeddah 21473

Kingdom of Saudi Arabia

Phone Number: +966 (12) 6102222 – Ext. 280

Fax Number: +966 (12) 6105555

E-mail: balhomaidhi@sidc.com.sa

Company's Second Authorized Representative

Name: Ahmad Hasan Mahmoud Shitaiwi

Position: CFO

Address: P.O. Box 12105 – Jeddah 21473

Kingdom of Saudi Arabia

Phone Number: +966 (12) 6102222 – Ext. 252

Fax Number: +966 (12) 6105555

E-mail: ashitaiwi@sidc.com.sa

Saudi Exchange

Saudi Exchange Company (Tadawul)

King Fahd Road – Al-Olaya 6897

Unit No.: 15

Riyadh: 12211-3388

Kingdom of Saudi Arabia

Phone: +966 (11) 920001919

Fax: +966 (11) 2189133

Website: www.saudiexchange.sa

E-mail: csc@saudiexchange.sa



The Securities Depository Center Company

The Securities Depository Center Company King Fahd Road – Olaya 6897

Unit No.: 15

Riyadh: 12211-3388

Kingdom of Saudi Arabia

Phone: +966 92 002 6000

Website: www.edaa.sa

E-mail: cc@edaa.sa



من مجموعة تداول السعودية
From Saudi Tadawul Group

Advisors

Financial Advisor, Lead Manager and Underwriter

Alinma Capital Company

King Fahd Road, Al Anoud Tower (2)
 P.O. Box 55560 - Riyadh 11544
 Kingdom of Saudi Arabia
 Phone: +966 (11) 2185999
 Fax: +966 (11) 2185970
 Website: www.alinmacapital.com
 E-mail: info@alinmacapital.com

الإنماء المالية
 alinma capital



Legal Advisor

Khaligyoun Legal Advisors (KLA)

M7 Tower – 8th Floor
 As Sahafah street – King Fahd Road
 P.O. Box 6118 – Riyadh 13321
 Riyadh, Kingdom of Saudi Arabia
 Phone Number: +966 11 269 9973
 E-mail: info@klafirm.com
 Website: www.klafirm.com



Auditors

Auditor for the financial year ended 31 December 2021

PKF Al Bassam Chartered Accountants

P.O. 15651 – Jeddah 21454
 Kingdom of Saudi Arabia
 Phone Number: 966 12 652 5333
 Fax: +966 12 652 2894
 Website: www.pfkalbassam.com
 E-mail: info.sa@pkf.com



Auditor for the two financial years ended December 31, 2022G and 2023G, and the six-month period ended June 30, 2023G

BDO Dr. Mohamed Al-Amri & Co – Certified Accountants

78th floor - Moon Tower
 P.O. 8736 – Riyadh 11492
 Kingdom of Saudi Arabia
 Phone Number: +966 92 002 4254
 Website: www.bdoalamri.com
 E-mail: m.alkhatieb@bdoalamri.com



الدكتور محمد العمري وشركاه
 Dr. Mohamed Al-Amri & Co.

Auditor for the six-month period ended June 30, 2024G

Crowe Solutions for Professional Consulting – Member of Crowe Global

Al-Jamil Square – Prince Mohammed bin Abdulaziz Road
 Jeddah 23326 – P.O. Box 2091
 Kingdom of Saudi Arabia
 Phone Number: +966126928552
 Fax: +966126928551
 Website: www.crowe.com/sa
 E-mail: info@crowehorwath.com.sa



Note: All the above-mentioned advisors and independent auditors have provided their written consent to the publication of their names and logos, as well as the inclusion of their statements in the form and content presented in this Prospectus. None of them have withdrawn their consent as of the date of this Prospectus. Furthermore, neither any of the advisors or auditors nor any of their relatives hold any shares or have any interest of any kind in the Company or its subsidiaries as of the date of this prospectus.

Offer Summary

Investors wishing to subscribe to the shares in this offering must read the entire Prospectus before making their investment decision regarding the subscription to Rights Issue, as the Offer Summary is not sufficient to make an investment decision. The following is a summary of the offering:

Issuer’s Name, Description and Incorporation Information	Saudi Industrial Development Company (hereinafter referred to as “the Company”, “the Issuer” or “SIDC”) is a Saudi public joint stock company, established pursuant to Ministerial Resolution No. (1004) dated 13/09/1412H (corresponding to 18/03/1992G) licensing the establishment of the Company and Ministerial Resolution No. (673) dated 20/06/1413H (corresponding to 15/12/1992G) announcing its establishment, and it is registered in the joint stock companies Register in the city of Jeddah pursuant to Certificate No. (4030092792) dated 17/07/1413H (corresponding to 10/01/1993G). The Company’s capital upon establishment amounted to four hundred million (400,000,000) Saudi Riyals divided into four million (4,000,000) shares of equal value, each valued at one hundred (100) Saudi Riyals. The Company’s entire shares were registered and listed on the main market on 10/08/1413H (corresponding to 02/02/1993G), whereby the (378) founding shareholders subscribed to one million five hundred and thirty-one thousand (1,531,000) shares with a total value of one hundred and fifty-three million one hundred thousand (153,100,000) Saudi Riyals, representing (38.275%) of the capital, while the remaining two million four hundred and sixty-nine thousand (2,469,000) shares, with a total value of two hundred and forty-six million nine hundred thousand (246,900,000) Saudi Riyals, representing (61.725%) of the capital, were offered to the public in an initial public offering. On 29/02/1419H (corresponding to 23/06/1998G), the Extraordinary General Assembly approved amending Article (7) of the Bylaws by amending the nominal value of the share from one hundred (100) Saudi Riyals to fifty (50) Saudi Riyals making the Company’s capital four hundred million (400,000,000) Saudi Riyals divided into eight million (8,000,000) shares of equal value, each with a nominal value of fifty (50) Saudi Riyals, all of which are ordinary and cash shares. On 17/03/1427H (corresponding to 15/04/2006G), the Company’s shares were split from eight million (8,000,000) shares to forty million (40,000,000) shares with a nominal value of ten (10) Saudi Riyals based on the Council of Ministers’ resolution on 27/02/1427H (corresponding to 27/03/2006G) requiring joint-stock companies’ shares to have a nominal value of ten (10) Saudi Riyals. On 16/03/1446H (corresponding to 19/09/2024G), the Extraordinary General Assembly approved the Board of Directors’ recommendation issued on 19/11/1445H (corresponding to 27/05/2024G) to reduce the Company’s capital from four hundred million (400,000,000) Saudi riyals to one hundred and thirty-five million (135,000,000) Saudi riyals, for the purpose of restructuring the capital and extinguishing accumulated losses amounting to two hundred and sixty-five million (265,000,000) Saudi riyals from the Company’s total accumulated losses, after the Authority’s approval of the request to reduce its capital from four hundred million (400,000,000) Saudi riyals to one hundred and thirty-five million (135,000,000) Saudi riyals, and thus reducing the number of shares from forty million (40,000,000) shares to thirteen million five hundred thousand (13,500,000) shares. The current capital of the Company is one hundred and thirty-five million (135,000,000) Saudi riyals, divided into thirteen million five hundred thousand (13,500,000) nominal shares of equal value, each of which is worth ten (10) Saudi riyals, fully paid, and all of which are ordinary cash shares.																																		
Issuer’s Activities	According to its commercial registration certificate, the Company’s activities include: Management of subsidiaries of holding companies – Manufacturing sanitary supplies from ceramic including washbasins, bathtubs, toilets, etc. – Manufacturing of sponge products. As per article (3) of the Bylaws, the Company's activities include: 1. Manufacturing industries. 2. Construction. 3. Wholesale and retail trade, motor vehicles and motorcycles repair. 4. Transportation and storage. 5. Financial and insurance activities. 6. Administrative and support services. 7. Professional, scientific, and technical activities. 8. Real estate activities. The Company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any (for more details, please refer to paragraph (3.10) “<i>Company’s Main Activities</i>” of section (3) “<i>Company Overview and Nature of Business</i>” of this Prospectus).																																		
Founding Shareholders	<table><tr><th>Founding Shareholders</th><th>Nationality</th><th>Number of Shares</th><th>Value of Shares (Saudi Riyals)</th><th>Ownership Percentage</th></tr><tr><td>Saudi Basic Industries Corporation (SABIC)</td><td>Kingdom of Saudi Arabia</td><td>400,000</td><td>40,000,000</td><td>10%</td></tr><tr><td>(377) Founding shareholders (individuals and companies), each of them owns (3,000) shares</td><td>Kingdom of Saudi Arabia</td><td>1,131,000</td><td>113,100,000</td><td>28.275%</td></tr><tr><td>Total Founding Shareholders</td><td></td><td>1,531,000</td><td>153,100,000</td><td>38.275%</td></tr><tr><td>The Public (Subscribers)</td><td></td><td>2,469,000</td><td>246,900,000</td><td>61.725%</td></tr><tr><td>Total</td><td></td><td>10,000,000</td><td>400,000,000</td><td>100%</td></tr></table> Source: The Company					Founding Shareholders	Nationality	Number of Shares	Value of Shares (Saudi Riyals)	Ownership Percentage	Saudi Basic Industries Corporation (SABIC)	Kingdom of Saudi Arabia	400,000	40,000,000	10%	(377) Founding shareholders (individuals and companies), each of them owns (3,000) shares	Kingdom of Saudi Arabia	1,131,000	113,100,000	28.275%	Total Founding Shareholders		1,531,000	153,100,000	38.275%	The Public (Subscribers)		2,469,000	246,900,000	61.725%	Total		10,000,000	400,000,000	100%
Founding Shareholders	Nationality	Number of Shares	Value of Shares (Saudi Riyals)	Ownership Percentage																															
Saudi Basic Industries Corporation (SABIC)	Kingdom of Saudi Arabia	400,000	40,000,000	10%																															
(377) Founding shareholders (individuals and companies), each of them owns (3,000) shares	Kingdom of Saudi Arabia	1,131,000	113,100,000	28.275%																															
Total Founding Shareholders		1,531,000	153,100,000	38.275%																															
The Public (Subscribers)		2,469,000	246,900,000	61.725%																															
Total		10,000,000	400,000,000	100%																															
Substantial Shareholders, the number of their shares and their ownership percentages before the offering	Shareholders holding (5%) or more of the Company’s shares. As of the date of this Prospectus, the Company does not have any substantial shareholders.																																		

Public	Means in the Rules of the Offering of Securities and Continuing Obligations, persons other than the following: 1. Affiliates of the issuer; 2. Substantial shareholders of the issuer; 3. Directors and senior executives of the issuer; 4. Directors and senior executives of the issuer’s affiliates; 5. Directors and senior executives of substantial shareholders of the issuer; 6. Any relatives of persons described at (1), (2), (3), (4) or (5) above; 7. Any company controlled by any persons described at (1), (2), (3), (5) or (6) above. 8. Persons acting in concert, with a collective shareholding of (5%) or more of the class of shares to be listed.		
Nature of the Offer	Capital increase through the issuance of Rights Issue shares.		
Purpose of the Issuance of the Proposed Rights Shares	The Company aims, through increasing its capital via Rights Issue, mainly to enable the implementation of its operational plans, support working capital and enhance its financial position by launching new brand identity stores for “Sleep High” (sh.), repaying some credit facilities, automating production lines, and implementing an Enterprise Resource Planning (ERP) system (for more information, please refer to Section (6) “ <i>Use of Offer Proceeds</i> ”).		
Total Proceeds Expected to be Raised and a Detailed Breakdown and Description of the Proposed Use of the Proceeds	It is expected that the total proceeds from the Subscription in the Rights Issue will reach one hundred and sixty-five million (165,000,000) Saudi Riyals. After deducting the Offering expenses, the Net Offering Proceeds will be used to enable the Company to implement its operational plans, support working capital and enhance its financial position. Shareholders will not receive any proceeds from Offering Proceeds (for more information, please refer to Section (6) “ <i>Use of Offer Proceeds</i> ”).		
	The following table outlines the suggested use of the Offering Proceeds:		
	Description	Value (Saudi Riyals)	Percentage of the Total Offering Proceeds (%)
	Total Offering Proceeds	165,000,000	100%
	Estimated Offering Expenses	6,000,000	3.64%
	Net Offering Proceeds	159,000,000	96.36%
	Working Capital Financing	73,000,000	44.24%
	Launching New Brand Identity Stores of “Sleep High” (sh.)	40,000,000	24.24%
	Repayment of Certain Credit Facilities	22,000,000	13.33%
	Automation of Production Lines	20,000,000	12.12%
	Implementation of the Enterprise Resource Planning (ERP) System	4,000,000	2.42%
	Source: The Company		
Offering Expenses	It is expected that the Offering Expenses will amount to approximately six million (6,000,000) Saudi Riyals covering the expenses of: the financial advisor, lead manager, underwriter, legal advisor, auditors, media and public relations advisor, in addition to the underwriting expenses, marketing, printing, distribution and other expenses related to the subscription (for more information, please refer to Section (6) “ <i>Use of Offer Proceeds</i> ”).		
Net Proceeds from the Offering	The net proceeds of the Offering are expected to amount to approximately one hundred and fifty-nine million (159,000,000) Saudi Riyals (for more information, please refer to Section (6) “ <i>Use of Offer Proceeds</i> ”).		
Total Proceeds Raised on the Most Recent Rights Issue, Its Breakdown and Description as Well as the Use or the Expected Use of Such Proceeds Not Yet Utilized	No, as the Company has not previously issued any Rights Shares.		
Material Changes to the Information Disclosed in the Most Recent Prospectus	No, as the Company has not previously published any prior prospectus.		
Issuer’s Capital Before Offering	One hundred and thirty-five million (135,000,000) Saudi Riyals.		
Total Number of Issuer’s Shares Before the Offering	Thirteen million five hundred thousand (13,500,000) fully paid ordinary shares.		
Nominal Value of Share	Ten (10) Saudi Riyals per share.		
Capital Increase	The increase in the Company’s capital will be from one hundred and thirty-five million (135,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals.		
Total Number of Offered Shares	Sixteen million five hundred thousand (16,500,000) ordinary shares.		

Percentage of Offered Shares to the Capital of the Issuer	Approximately (122.22%) of the current capital.
Offer Price	Ten (10) Saudi Riyals per share.
Total Value of Offer	One hundred and sixty-five million (165,000,000) Saudi Riyals.
Number of Offer Shares Underwritten	Sixteen million five hundred thousand (16,500,000) ordinary shares.
Total Value of the Offer Shares Underwritten	One hundred and sixty-five million (165,000,000) Saudi Riyals.
Total Number of Shares Issued after Capital Increase	Thirty million (30,000,000) common shares.
Issuer's Capital after Capital Increase	Three hundred million (300,000,000) Saudi Riyals.
Types of Targeted Investors	Registered Shareholders and New Investors.
Eligible Shareholders	Shareholders who own shares at the end of trading on the day of the Extraordinary General Assembly's meeting for the capital increase and who are registered in the Company's shareholders register at the Depository Center at the end of the second trading day following the Extraordinary General Assembly's meeting on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G).
New Investors	All investors, whether individual or institutional investors – other than Registered Shareholders – who have purchased Rights Issue during the Trading Period.
Rights Issue	Tradable securities granting their holder the right to subscribe to the New Shares offered, after approval of the capital increase. These securities are considered as acquired rights to all Registered Shareholders. These Rights may be traded during the Trading Period. Each Right grants its holder the eligibility to subscribe to one New Share at the Offer Price. The Rights Issue will be deposited in the portfolio of Registered Shareholders following the meeting of the Extraordinary General Assembly related to the capital increase. Said Rights will appear in the portfolios of the Registered Shareholders under a new symbol designated for the Rights Issue. Registered Shareholders will be notified of the deposit of rights in their portfolios.
Number of Rights Issue issued	Sixteen million five hundred thousand (16,500,000) Rights.
Eligibility Ratio	Each Registered Shareholder is granted approximately (1.222) rights for each (1) share owned, and this factor results from dividing the number of New Shares by the number of the Company's current number of shares.
Eligibility Date	Shareholders holding shares at the end of the trading day of the Extraordinary General Assembly approving the Capital Increase and registered in the Company's shareholders register at the Depository Center at the end of the second Trading Day following the Extraordinary General Assembly approving the capital increase on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G).
Allocation Method and Refund of Excess Funds	Shares will be allocated to each investor based on the number of Rights properly and fully exercised. Fractional shares (if any) will be added together and offered to Institutional Investors during the Rump Offering Period. The Company will receive the total offering price of the sale of Rump Shares. The rest of the proceeds (if any) will be distributed, without calculating any fees or deductions, (the amount exceeding the Offer Price), to those who have not fully or partially subscribed for the New Shares and to the persons entitled to Fractional Shares knowing that the investor who hasn't subscribe or hasn't sell their rights, and the holders of fractional shares may not receive any compensation if the sale has occurred during the Rump Offering Period at the Offer Price. (For further information, kindly refer to section (12) " <i>Information Related to the Shares and Offering Terms and Conditions</i> "). The Subscription Surplus (if any) will be refunded to the subscribers without any commissions or deductions from the Lead Manager.
Date of Refund of Surplus Subscription	Any Surplus from subscription (if applicable) will be refunded without any commissions or deductions from the Lead Manager no later than ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G.)
Trading Period	The Trading Period will start three (3) Business Days after the approval of the Extraordinary General Assembly on the capital increase, on the day ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) and shall continue until the end of the day ** ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G). During this period, all Rights holders – whether they are registered investors or new investors – may trade Rights.
Subscription Period	The Subscription Period will start three (3) Business Days after the approval of the Extraordinary General Assembly on the capital increase, on the day ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) and continues until the end of the day ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G). During this period, all Rights holders – whether they are registered investors or new investors – may exercise their right to subscribe to the new shares. It is worth noting that the trading period and the subscription period will begin on the same day, while the trading period will continue until the end of the sixth day from the beginning of the period, while the subscription period will continue until the end of the ninth day from the beginning of the same period.
Rump Shares	The Shares that have not been subscribed for during the subscription period.
Subscription Method	Subscription applications are submitted electronically through the websites and platforms of electronic brokers that offer such services to subscribers or through any other means provided by brokers.

Rights Subscription Exercise	Eligible Persons are entitled to subscribe for Rights Issue Shares electronically through the electronic websites and platforms of brokers that offer such services to subscribers or through any other means provided by brokers. Eligible Persons can also exercise their Rights as follows: 1. Registered Shareholders are entitled during the Subscription Period to exercise the Rights granted to them on the Eligibility Date and any additional Rights they have purchased immediately after the rights purchase process is settled (two Business Days) during the Trading Period while subscribing for New Shares. They have also the right not to take action regarding their shares. 2. During the Subscription Period, New Investors have the right to exercise the Rights they have purchased immediately after the rights purchase process is settled (two Business Days) during the Trading Period while subscribing for New Shares. They have also the right not to take action regarding their shares. In the event that neither Registered Shareholders nor New Investors exercise their rights to subscribe for the New Shares during the Subscription Period, then, shares associated with such rights will be offered during the Rump Offering Period.
Indicative Value of the Right	The indicative value of the Right reflects the difference between the market value of the Company's shares during the Trading Period and the Offer Price. "Tadawul" will calculate and publish the Right's indicative value during the Trading Period on its website, five (5) minutes late. Market information providers will also publish this information, in order for investors to see the Right's indicative value when entering orders.
Right Trading Price	It is the price at which the Right is traded. This price is determined through the market offer and demand mechanism, therefore it may differ from the indicative value of the Right.
Rump Offering	In the event that any shares remain unsubscribed at the end of the Subscription Period (Rump Shares), those shares will be offered to a number of Institutional Investors (Institutional Investors), and such Institutional Investors have to submit offers to purchase the Rump Shares. Offers will be accepted starting (10:00) am on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) until (5:00) pm on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) (Rump Offering Period). Rump Shares will be allocated to Institutional Investors with the highest bid, to the lowest (provided that it is not less than the Offer Price). The shares will be proportionately allocated among the Institutional Investors that tendered offers at the same price. As for Fractional Shares (if any), they will be added to the Rump Shares and treated similarly.
Allocation Date	Shares will be allocated no later than ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G).
Payment of Compensation (if any)	Cash compensation will be paid to Eligible Persons who have not subscribed wholly or partially to the New Shares and to those who are entitled to fractional shares, without any deductions, at the latest on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G). It is to be noted that the amounts of compensation represent the remaining proceeds of the sale of the Rump Shares and fractional shares.
Adjusted Price	The Company's share price on the Saudi Stock Exchange Market (Tadawul) has been adjusted to (●●) Saudi Riyals per share, by the end of trading day following the Extraordinary General Assembly's meeting approving the capital increase. This represents a decrease in the share price by (●●) Saudi Riyals per share.
Trading of New Shares	Trading in New Shares is expected to start on Tadawul upon completion of all procedures related to the registration, allocation and listing the New Shares.
Listing and Trading of Rights	Right Issue are traded on Tadawul, and their trading occurs during the Trading Period of Rights Issue. Rights Issue have a separate symbol distinct from the Company's existing shares symbol on the Tadawul's screen. During the Trading Period, registered shareholders have several options, including selling Rights wholly or partially, buying additional Rights, or taking no action. During the Trading Period, New Investors will have the right to buy, sell, or hold Rights purchased during the Trading Period. The Tadawul system will cancel the Rights symbol on the screen after the end of the Rights Issue Trading Period, and therefore, trading in the Rights Issue will cease at the end of that period.
Voting Rights	All Company's shares are of one class, and no share gives its holder preferential rights. New shares will be fully paid and equal to the Existing Shares. Each share gives its holder the right to one vote, and every Shareholder in the Company has the right to attend and vote in the General Assembly meetings of Shareholders (whether Ordinary or Extraordinary).
Restrictions Imposed on the Shares or Rights	With the exception of regulatory restrictions that are in general imposed on the listing of shares, no restrictions are imposed on the trading of the Company's shares. Regarding the Founding Shareholders, the trading restriction period ended after two full financial years of no less than 12 months each from announcing the Company's establishment on 20/06/1413H (corresponding to 15/12/1992G) according to the Company's Bylaws.
Restrictions Imposed on the Trading of Rights	There are no restrictions imposed on the trading of rights.
Previously Listed Shares	On 10/08/1413H (corresponding to 02/02/1993G), the Company's entire shares were registered and listed on the main market, with a total number of four million (4,000,000) shares, each valued at one hundred (100) Saudi Riyals, with a total value of four hundred million (400,000,000) Saudi Riyals, whereby the Founding Shareholders subscribed to one million five hundred and thirty-one thousand (1,531,000) shares, with a total value of one hundred and fifty-three million and one hundred thousand (153,100,000) Saudi Riyals, representing (38.275%) of the capital. The remaining shares, two million four hundred and sixty-nine thousand (2,469,000) shares, with a total value of two hundred and forty-six million and nine hundred thousand (246,900,000) Saudi Riyals, representing (61.725%) of the capital, were offered for public subscription.
Terms of Subscription for Rights Issue Shares	Eligible Persons wishing to subscribe to New Shares have to meet the relevant subscription requirements. To review the Subscription's terms, conditions, and instructions, (and for more information, please refer to section (12) " <i>Information Related to the Shares and Offering Terms and Conditions</i> " of this Prospectus).
Risk Factors	Investment in the Rights Issue Shares involves certain risks that can be classified into: (1) Risks Related to the Company's Activities; (2) Risks Related to the Market and Industry; and (3) Risks Related to the New Shares. These risks are described in Section (2) "Risk Factors" of this Prospectus, that should be carefully reviewed before making any investment decision in the Rights Issue Shares.

Note: The "*Important Notice*" section and section (2) "*Risk Factors*" of this Prospectus should be carefully considered before making any investment decision regarding the Rights Issue Shares in accordance with this Prospectus.

Key Dates and Subscription Procedures

Event	Date
Extraordinary General Assembly's meeting approving the Capital Increase and setting the Eligibility Date and Eligible Shareholders, noting that Eligible Shareholders are the Shareholders who own shares at the end of the Trading Day of the Extraordinary General Assembly's meeting for the Capital Increase and are registered in the Company's shareholders register at the Depository Center at the end of the second Trading Day following the Extraordinary General Assembly's meeting for the Capital Increase.	●●/●●/●●●●H (corresponding to ●●/●●/●●●●G)
Trading Period*	The Trading Period starts on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) and ends on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G). During this period, all Rights holders – whether they are Registered Shareholders or New Investors – are entitled to trade in the Rights. Registered Shareholders and New Investors can trade rights from (10:00) am to (3:00) pm during the Trading Period.
Subscription Period	The Subscription Period starts on day (●●) ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) and lasts until the end of day (●●) ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G). During this period, all Rights holders – whether they are Registered Shareholders or New Investors – are entitled to subscribe for New Shares. Registered Shareholders and New Investors can subscribe to the offering shares between (10:00) am and 2:00) pm every day during the Subscription Period.
End of Subscription Period	The Subscription Period and the receipt of subscription requests and applications ends on (●●) ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G).
Rump Offering Period	The Rump Offering Period starts at (10:00) am on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) and continues until (5:00) pm on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G).
Final Allocation Notice**	On (●●) ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G).
Payment of Compensation (if any) for Eligible Person who did not participate in the subscription in whole or in part and for those who are eligible for fractional shares	On (●●) ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G).
Expected listing date of the New Shares in the market	To be announced on Tadawul website after completing all required procedures.

Note: All dates mentioned in the above table are approximate. Actual dates will be announced on the website of the Saudi Stock Exchange (Tadawul) (www.saudiexchange.sa).

* The Trading Period begins three (3) Business Days after the approval of the Extraordinary General Assembly on capital increase.

** The period between the end of the subscription to Rights and the deposit of shares in the shareholders' portfolios will be nine (9) Business Days.

Key Announcement Dates

Announcement	Announcing Party	Date
Announcement regarding the invitation of the Extraordinary General Assembly including the capital increase	The Company	On (●●) ●●/●●/●●●●H corresponding to ●●/●●/●●●●G
Announcement of the Extraordinary General Assembly's meeting result regarding the capital increase	The Company	On (●●) ●●/●●/●●●●H corresponding to ●●/●●/●●●●G
Announcement of the amendment of the Company's share price, the deposit of Rights and the Right's Indicative Value	Tadawul	On (●●) ●●/●●/●●●●H corresponding to ●●/●●/●●●●G
Announcement on adding the Rights	Edaa	On (●●) ●●/●●/●●●●H corresponding to ●●/●●/●●●●G
Announcement of the Trading Period and Subscription Period for the New Shares	The Company	On (●●) ●●/●●/●●●●H corresponding to ●●/●●/●●●●G
Announcement of the commencement of the Trading Period and Subscription Period to the New Shares	Tadawul	On (●●) ●●/●●/●●●●H corresponding to ●●/●●/●●●●G
Reminder about the commencement of the Trading Period and the Subscription Period of the New Shares	The Company	On (●●) ●●/●●/●●●●H corresponding to ●●/●●/●●●●G
Reminder about the last day for Rights Trading and the importance of selling Rights for those who do not wish to subscribe	The Company	On (●●) ●●/●●/●●●●H corresponding to ●●/●●/●●●●G
Announcement of the end of Subscription Period	The Company	On (●●) ●●/●●/●●●●H corresponding to ●●/●●/●●●●G
Announcement of the:		
1. subscription results		
2. details of the Rump Shares sale (if any) and the commencement of the Rump Offering Period	The Company	On (●●) ●●/●●/●●●●H corresponding to ●●/●●/●●●●G
Announcement of the result of the Rump Offering and notification of final allocation	The Company	On (●●) ●●/●●/●●●●H corresponding to ●●/●●/●●●●G
Announcement of the deposit of the New Shares in the investors' portfolios*	Edaa	On (●●) ●●/●●/●●●●H corresponding to ●●/●●/●●●●G
Announcement of the distribution of the compensation amounts (if any)	The Company	On (●●) ●●/●●/●●●●H corresponding to ●●/●●/●●●●G

Note: All dates mentioned in the above table are approximate, and the actual dates will be announced on the Saudi Tadawul website (www.saudiexchange.sa), in coordination with the Securities Depository Center Company (Edaa) to determine the date of depositing the shares.

* It should be noted that the time period between the end of subscription for Rights Issue and the deposit of shares in the Shareholders' portfolios is nine (9) Business Days.

It should also be noted that according to paragraph (e) of Article (31) of the Rules on the Offer of Securities and Continuing Obligations, if a disclosure related to the offering is published in a local newspaper after the publication of the Prospectus, the announcement must include the following:

1. The name and commercial registration certificate of the issuer.
2. The securities that are subject of the relevant application for registration and offer and their value, type and class.
3. The addresses and locations where the public may obtain the Prospectus.
4. The date of publication of the Prospectus.
5. A statement that the disclosure is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.
6. The names of the lead manager, the underwriter, the financial and legal advisors.
7. A disclaimer as follows: "The Capital Market Authority and the Saudi Stock Exchange Company take no responsibility for the contents of this disclosure, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this disclosure."

How to Apply for Subscription

Subscription in the Rights Issue Shares is limited to Eligible Persons, whether they are Registered Shareholders or New Investors. In the event that the Eligible Persons do not exercise their Rights, any Rump Shares will be offered to Institutional Investors during the Rump Offering Period.

Eligible Persons wishing to subscribe to the New Shares must submit subscription applications through the means and services provided by the broker to investors, subject to two basic conditions:

- The Eligible Person must have an account with one of the brokers that provide these services.
- The data related to the Eligible Person must be up-to-date, and no changes have occurred to the data or information of the Eligible Person (such as removing or adding a family member) since the latest recent offering, unless such amendments have been reported to and approved by the brokers..

The Company reserves the right to reject any application for the New Shares subscription in whole or in part if it does not fulfill any of the conditions or requirements of the subscription. It is not permitted to amend or withdraw the subscription application after its submission. The subscription application, upon its submission, constitutes a binding contract between the Company and the Eligible Person (for more information, please refer to Section (12) “*Information Related to the Shares and Offering Terms and Conditions*”).

FAQs about the Rights Issue Mechanism

What is the Rights Issue?

Rights Issue are tradable securities that give their holder the right to subscribe to the New Shares offered, upon approval on the capital increase. This right is granted to all shareholders holding shares in the Company's on the day of the Extraordinary General Assembly that approves the capital increase, and who are registered in the Company's shareholders' register with the Securities Depository Center (Edaa) by the end of the second trading day following the Extraordinary General Assembly. Each Right grants its holder the eligibility to subscribe to one New Share at the Offer Price.

Who is granted the Rights?

All shareholders registered in the Company's register at the Security Depository Center at the end of the second trading day following the Extraordinary General Assembly's meeting approving the capital increase, this is referred to as Eligibility Date.

When are the Rights deposited?

After the Extraordinary General Assembly convenes and upon its approval on the capital increase through the offering of Right Issue Shares, the Rights are deposited as securities in the shareholders' portfolios in the Company's shareholders' register at the Depository Center at the end of the second trading day after the Extraordinary General Assembly's meeting; and the rights will appear in their portfolios under a new symbol dedicated to the rights.. These rights will only be traded or subscribed for at the beginning of the Trading and Subscription Periods.

How are shareholders notified of the Rights being deposited in their portfolios?

The notification is made through announcement on the Tadawul website, as well as through the (Tadawulaty) service provided by the Securities Depository Center Company (Edaa), and short text messages (SMS) are also sent through brokerage companies.

How many Rights Issue can be acquired by a Registered Shareholder?

The number depends on the shareholder's ownership percentage in the Company's capital as per the shareholders' register at the Securities Depository Center Company (Edaa) at the end of the second trading day following the Extraordinary General Assembly's meeting.

What is the Subscription Eligibility Ratio?

It is the coefficient that helps shareholders determine how many rights they are entitled to based on their current shareholding according to the Company's shareholders' register at the Depository Center at the end of the second trading day after the Extraordinary General Assembly. This coefficient is calculated by dividing the number of new shares by the number of current shares of the Company. Accordingly, the entitlement coefficient is approximately (1.222) rights for each (1) share owned by the registered shareholder on the date of entitlement. Therefore, if a registered shareholder owns (1,000) shares on the entitlement date, he will be allocated (1,222) rights.

Will the name and trading symbol of the Rights vary from the name and symbol of the Company's shares?

Yes, the acquired Rights will be deposited in the investors' portfolios under the original name, adding the Rights Issue term as well as a new symbol for these rights.

What is the value of the Rights at the beginning of trading?

The opening price of the Right will be the difference between the closing price of the Company's share on the day prior to the inclusion of the Rights and the Offer Price (the indicative value of the Right). For example, if the closing price of a share on the previous day is fifteen (15) Saudi Riyals and the Offer Price is ten (10) Saudi Riyals, the opening price of the Rights upon the commencement of trading will be five (5) Saudi Riyals.

Who is a Registered Shareholder?

Any shareholder who appears in the Company's shareholders' register at the end of the second trading day following the day of the Extraordinary General Assembly.

Can Registered Shareholders subscribe for additional shares?

Yes, Registered Shareholders can subscribe for additional shares by purchasing new Rights during the Trading Period and then subscribe to them during the Subscription Period after completing the purchase and settlement of Rights.

Is it possible for a shareholder to lose his/her eligibility to subscribe even if he/she has the right to attend the Extraordinary General Assembly's meeting and vote on the capital increase through a Rights Issue?

Yes, the Shareholder loses their eligibility to subscribe if they sell their shares on the day of the Extraordinary General Assembly's meeting approving the capital increase or one Business Day prior to said meeting.

How is the Subscription process implemented?

The Subscription process is implemented through submitting Subscription Applications during the Subscription Period through the investment portfolio on the trading platforms through which the purchase and sell orders are filed. In addition to the possibility of subscription through any other means provided by the broker and the custodian of shares.

Can an Eligible Person subscribe to more shares than the Rights they hold?

An Eligible Person cannot subscribe to more shares than the Rights they hold.

If the Company shares are acquired through more than one investment portfolio, in which portfolio will the Rights Issue be deposited?

Rights will be deposited in the same portfolio where the Company's rights-related shares are deposited. For example, if a shareholder holds one thousand (1,000) shares in the Company: (800) shares in portfolio (A) and (200) shares in portfolio (B), then the total Rights amounting to (1,222) Rights, as each share is eligible for (1.222) Rights. Therefore, (978) Rights will be deposited in portfolio (A) and (244) Rights will be deposited in portfolio (B).

In case of subscription through more than one portfolio, where will the new shares be deposited after allocation?

Shares will be deposited in the investment portfolio mentioned in the first subscription application.

Are share certificate holders entitled to subscribe and trade?

Yes, share certificate holders are entitled to subscribe, but they will not be able to trade unless they deposit the certificates in electronic investment portfolios through brokers or the Securities Depository Center ("Edaa"), and bring the necessary documents, before the end of the Subscription Period.

How can holders of share certificates obtain Rights?

Holders of share certificates will obtain Rights according to their ownership, but they will not be deposited due to the failure to register share certificates in investment portfolios with brokers and the Securities Depository Center Company ("Edaa") before the Trading and Subscription Period. In addition, if the procedures for depositing certificates in the investment portfolio are not completed before the beginning of the Trading and Subscription period, the subscription manager will sell the shares resulting from those rights during the remaining offering period and transfer the excess of the offering price (if any) to the Company. The Company will retain those amounts until they are claimed by the share certificate holders, provided that the Company includes evidence of the existence of those amounts due to the share certificate holders and the method of claiming them in the announcement of the distribution of compensation amounts (if any) to the Eligible Persons.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchaser of additional Rights may sell them and purchase other Rights during the Trading Period, only.

Is it possible to sell a part of the Rights Issue?

Yes, the investor can sell a part of these Rights and subscribe for the remaining part.

When can a shareholder subscribe for the Rights Issue they purchased during the Trading Period?

Any time during the Subscription Period, i.e. until the ninth day after the settlement of the purchase of the Rights (two Business Days).

Can the Eligible Person sell or assign the Rights after the end of the Trading Period?

No, it is not possible. After the end of the Trading Period, the Eligible Person may only exercise the right to subscribe to the Rights or not. In case the right is not exercised, the investor may be subject to loss or decrease in the value of their investment portfolio.

What happens to Rights Issue that are unsold or unsubscribed for during the Trading and Subscription Periods?

If the New Shares are not fully subscribed for during the Subscription Period, the remaining New Shares will be offered for subscription through an offering to be organized by the Lead Manager. The amount of compensation (if any) to the Rights holder will be calculated after deducting the subscription value. The investor may not receive any consideration if the sale occurs during the Rump Offering Period at the Offer Price.

Who has the right to attend the Extraordinary General Assembly and vote on increasing the Issuer's capital through offering Rights Issue?

Any shareholder registered in the Company's shareholders register at the Depository Center at the end of the trading session, on the date of the Extraordinary General Assembly's meeting related to capital increase, shall have the right to attend the Extraordinary General Assembly's meeting and vote on increasing the Issuer's share capital through Rights Issue.

When is the share price adjusted as a result of increasing the Issuer's share capital through a Rights Issue?

The share price is adjusted by Tadawul before the start of trading on the day, following the Extraordinary General Assembly's meeting.

If an investor purchase shares on the date of the Extraordinary General Assembly, will they be eligible for the Rights resulting from the increase of the Company's share capital?

Yes, as the investor will be registered in the Company's shareholders register two Business Days after the date of the purchase of shares (i.e., at the end of the second trading day following the day of the Extraordinary General Assembly), bearing in mind that Rights Issue will be granted to all shareholders registered in the Company's shareholders register at the end of trading session on the second trading day following the date of the Extraordinary General Assembly. However, they may not attend or vote in the Extraordinary General Assembly for capital increase.

If an investor has more than one portfolio with more than one broker, how will their Rights be calculated?

The investor's shares will be distributed to their portfolios according to the percentage of ownership in each portfolio. In the event of share fractions, these fractions will be aggregated. Whether the outcome is an integer or more, the integer number will be added to the portfolio in which the investor has the largest number of Rights.

What are Trading and Subscription Periods?

Trading and subscription of Rights shall begin at the same time after (3) three Business Days from the approval of the Extraordinary General Assembly including the approval of the capital increase, until the end of trading on the sixth day, while subscription shall continue until the ninth day, as stated in this Prospectus and the Company's announcements.

Is it possible to subscribe during the weekend?

No, it is not possible.

Can investors, other than registered shareholders, subscribe for Rights Shares?

Yes, upon full purchase of Rights through Tadawul during the Trading Period.

Are There Additional Fees for Trading Rights?

Yes. The usual trading commission applies (up to 0.155% of the transaction value), but there is no minimum fee.

Additional Help

- For any inquiries, please contact the Company at info@sidc.com.sa. Due for legal reasons, the Company will only be able to provide the information contained in this Prospectus and will not be able to advise on the merits of the Rights Issue or provide financial, tax, legal or investment advice.
- For more information on the terms, conditions and instructions of the subscription, please refer to Section (12) “**Information Related to the Shares and Offering Terms and Conditions**” and the rest of the information contained in this Prospectus.

Summary of Key Information

Notice

This summary provides a brief overview of the basic information included in this Prospectus. Since it is a summary, it does not include all information that may be of interest to Shareholders and other institutional and individual investors. Recipients of this Prospectus should read it in full before taking any investment decision related to the New Rights or Shares, without solely relying on the Terms and Definitions section or the summary of this Prospectus.

Company Overview

- The Saudi Industrial Development Company (SIDC) is a Saudi public joint stock company, established pursuant to Ministerial Resolution No. (1004) dated 13/09/1412H (corresponding to 18/03/1992G) licensing its establishment and Ministerial Resolution No. (673) dated 20/06/1413H (corresponding to 15/12/1992G) announcing its establishment, and it is registered in the joint stock companies registry in the city of Jeddah pursuant to Certificate No. (4030092792) dated 17/07/1413H (corresponding to 10/01/1993G). The Company's capital upon establishment amounted to four hundred million (400,000,000) Saudi Riyals divided into four million (4,000,000) shares of equal value, each valued at one hundred (100) Saudi riyals.
- The Company's Head Office is located in Jeddah – Prince Mohammed bin Abdulaziz Street – P.O. Box 12105 – Jeddah 21473.

Capital

- The current capital of the Company is one hundred and thirty-five million (135,000,000) Saudi Riyals, divided into thirteen million and five hundred thousand (13,500,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, fully paid.

Developments in the Company's capital structure

- On 10/08/1413H (corresponding to 02/02/1993G), the Company's entire shares were registered and listed on the main market with a number of four million (4,000,000) shares, each valued at one hundred (100) Saudi Riyals, with a total value of four hundred million (400,000,000) Saudi Riyals, whereby the (378) founding shareholders subscribed to one million five hundred and thirty-one thousand (1,531,000) shares with a total value of one hundred and fifty-three million and one hundred thousand (153,100,000) Saudi Riyals, representing (38.275%) of the capital, and the remaining shares, numbering two million four hundred and sixty-nine thousand (2,469,000) shares, were offered with a total value of two hundred and forty-six million and nine hundred thousand (246,900,000) Saudi Riyals, representing (61.725%) of the capital for public subscription by the public.
- On 16/03/1446H (corresponding to 19/09/2024G), the Extraordinary General Assembly approved the Board of Directors' recommendation to reduce the Company's capital from four hundred million (400,000,000) Saudi Riyals to one hundred and thirty-five million (135,000,000) Saudi Riyals, for the purpose of restructuring the capital to extinguish accumulated losses amounting to two hundred and sixty-five million (265,000,000) Saudi Riyals of the Company's total accumulated losses.

Company's Main Activities

According to its commercial registration certificate, the Company's activities include Management of subsidiaries of holding companies – Manufacturing sanitary supplies from ceramic including washbasins, bathtubs, toilets, etc. – Manufacturing of sponge products.

As per article (3) of the Bylaws, the Company's activities include:

1. Manufacturing industries.
2. Construction.
3. Wholesale and retail trade, motor vehicles and motorcycles repair.
4. Transportation and storage.
5. Financial and insurance activities.
6. Administrative and support services.
7. Professional, scientific, and technical activities.
8. Real estate activities.

The Company carries out its activities in accordance with applicable Regulations and after obtaining the necessary Licenses from the competent authorities, if any.

The Company and its subsidiaries (the Group)

As of the date of this Prospectus, the Company has (5) subsidiaries inside and outside the Kingdom of Saudi Arabia, as shown in the following table:

No.	Name of the subsidiary Company	Type of company	Place of establishment	Capital	Ownership percentage
1	SIDC Commercial Investment Company	Limited Liability Company	Kingdom of Saudi Arabia	10,000,000 Saudi Riyals	Owned (100%) by the Saudi Industrial Development Company "SIDC".
2	SIDC Investment Projects Company	Limited Liability Company	Kingdom of Saudi Arabia	100,000 Saudi Riyals	Owned (100%) by the Saudi Industrial Development Company "SIDC", (95%) directly and (5%) indirectly via SIDC Commercial Investment Company.
3	Global Marketing Company for Sleeping System Limited	Limited Liability Company	Kingdom of Saudi Arabia	100,000,000 Saudi Riyals	Owned (100%) by the Saudi Industrial Development Company "SIDC", (95%) directly and (5%) indirectly through SIDC Commercial Investment Company.
4	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High Egypt)	Limited Liability Company	Arab Republic of Egypt	50,000,000 Egyptian Pounds, equivalent to thirty-two million seven hundred seventy-three thousand nine hundred eighty-eight (32,773,988) Saudi Riyals.	Owned (100%) indirectly by the Saudi Industrial Development Company "SIDC", (98.5%) via the Global Marketing Company for Sleeping System Limited (Sleep High) and (1.5%) via SIDC Commercial Investment.
5	Emmdad Logistic Services Company	Limited Liability Company	Kingdom of Saudi Arabia	9,000,000 Saudi Riyals	Owned (50%) by the Saudi Industrial Development Company "SIDC" indirectly through the Global Marketing Company for Sleeping System Limited (Sleep High).

Source: The Company

Company's Vision

We seek to be a leader in the manufacture and trade of home supplies and complementary activities in the Middle East and North Africa.

Company's Mission

We work to understand the customer's desires and secure their needs through strategic partnerships with distinguished players in our fields of activity at the global level, and by effectively employing our distinguished brands and creating new unique brands.

Company's Strategy

The Company's strategic objectives are:

1. Developing the investment portfolio: Diversifying our investments in high-growth industrial sectors to enhance returns.
2. Achieving industrial leadership: Gaining a large market share in targeted sectors locally and regionally.
3. Enhancing operational efficiency: Improving the operational performance of subsidiaries to increase profitability and achieve high levels of quality.
4. Adopting innovation and technology: Investing in advanced technologies and innovations to enhance long-term competitiveness.
5. Achieving sustainability and social responsibility: Achieving sustainable growth while committing to community and environmental development.

The key strategic pillars are:

1. Targeted investment:

- Directing investments towards companies with high growth potential.
- Focusing on strategic sectors such as advanced manufacturing and building materials.
- Expanding the portfolio through acquisitions and strategic expansion.

2. Improving operational processes:

- Applying unified operational standards to raise operational efficiency across subsidiaries.
- Improving supply chains and reducing costs to achieve the highest levels of performance.
- Adopting effective governance policies to ensure transparency and efficiency in all operations.

3. Geographic Expansion:

- Targeting new markets with high growth opportunities in the industrial sector.
- Strengthening regional and international presence through strategic partnerships and alliances.

4. Developing Human Capital:

- Attracting and retaining distinguished talents.
- Investing in training and development to enhance leadership and technical capabilities.
- Creating a work environment that contributes to encouraging innovation and creativity.

5. Promoting Sustainability:

- Adopting environmentally friendly and sustainable industrial practices.
- Achieving a balance between profitability and commitment to our responsibilities towards society and the environment.
- Applying strict quality standards in production and manufacturing to ensure the safety of products and practices.

6. Investment Structure:

- Subsidiaries: Focus on companies that have the ability to achieve sustainable growth and profitability.
- Joint companies: Building strategic partnerships with global companies to benefit from their expertise and technologies.

7. Key Performance Indicators:

- Annual Revenue Growth Rate: Measuring the annual growth rate of the Group's total revenues.
- Profitability Margin: Ensuring a profit margin that exceeds industry standards.
- Return on Investment Rate: Achieving a return on investment rate that is consistent with growth objectives.
- Market Share: Measuring the level of expansion and growth in target markets.
- Sustainability Indicators: Achieving sustainability objectives and commitment to environmental practices and social responsibility.

8. Implementation Mechanisms:

- Forming strong leadership teams: Specialized teams at the Head Office to ensure that strategies and objectives are achieved efficiently.
- Using advanced technical systems: to analyze performance, manage operations, and follow up on strategy implementation.
- Holding periodic meetings: to review performance, evaluate progress, and correct course when needed.
- Preparing contingency plans: to deal with sudden challenges and changes in the market.

9. Strategy Review and Evaluation:

- Conduct annual reviews to assess the extent to which objectives have been achieved and determine the necessary adjustments.
- Periodically evaluate key performance indicators to measure actual performance against strategic objectives.

Company's Strengths and Competitive Advantages

- Diversification of investment in promising industrial sectors.
- Growth opportunities in emerging markets enhance expansion and increase returns.
- Increasing demand for advanced manufacturing provides opportunities for investment in industrial innovations.
- Being a public shareholding company gives it diverse financing capabilities.
- Strength of the Company's owned brands.

Overview of the Consumer Durables Market (Furniture, Mattresses, Ceramics)

Furniture, Mattresses, Ceramics Market in Saudi Arabia

The mattress, foam, furniture and ceramics (sanitary ware) market in the Kingdom of Saudi Arabia has witnessed significant growth, driven by several factors, most notably population growth, improved income levels, and increased demand for residential, commercial and tourism projects. The Kingdom's Vision 2030 also contributes significantly to driving development by improving the quality of life and boosting the local economy, making the home and construction products sector one of the fastest growing sectors in the Kingdom.

The furniture market witnessed a significant increase in demand in 2023G, as the total size of the furniture market in the Kingdom reached 32 billion Saudi Riyals, and the sector is expected to achieve a compound annual growth rate (CAGR) of 4.6% during the period from 2024 to 2030G.

Living room furniture accounted for the largest share of the furniture market size, reaching 10.5 billion Saudi riyals in 2023G. In addition, bedroom imports amounted to about 660 million Saudi riyals in 2023G, mainly imported from China, the UAE, Turkey, Italy, and Malaysia. On the other hand, the Kingdom's exports of bedroom furniture amounted to 14.3 million Saudi Riyals in the same year, and the main destinations for bedroom furniture exports include Kuwait, the UAE, Bahrain, Oman, and Lebanon. This growth is accompanied by increased investments in major housing projects such as (Neom - The Line and Trojena, Red Sea Qiddiya, Amaala, AlUla Development, Diriyah, Public Investment Fund projects in the entertainment sector, Asir Tourism Region, Farasan Islands). This growth and expansion of investments in major housing projects serve as a key driver and target for sales of the projects sector and sales growth in particular. Additionally, with major global events that the Kingdom is set to host, such as (the 2027 AFC Asian Cup, Expo 2030, and the 2034 FIFA World Cup), the number of visitors is expected to exceed 100 million, according to the Ministry of Tourism. Companies seek to meet this demand by providing innovative solutions such as smart furniture and sustainable materials, while emphasizing global trends towards sustainability and digital transformation that enhances e-commerce.

As for the ceramics market (sanitary ware), it has become an essential part of the construction and building sector, which is witnessing remarkable growth in the Kingdom, as the size of the ceramic products market reached 6.15 billion Saudi Riyals in the year 2023G, with an expected annual growth rate of 7.7% during the period from 2024G to 2029G. This growth is linked to the major urban projects witnessed by the Kingdom within the framework of Vision 2030, such as new cities and major commercial projects.

Furniture, mattresses and foam market in the Arab Republic of Egypt

The furniture, mattresses and foam market in the Arab Republic of Egypt is considered one of the important consumer markets in the Middle East and North Africa region, as furniture market sales in Egypt reach USD 1.94 billion by the end of 2024G, an increase of 4.7% compared to 2023G, reflecting the significant population growth in Egypt, as the population of Egypt reached about 104.3 million people by the end of 2023G, with individuals under the age of 30 accounting for more than 56% of this number. Given the expectations of the population increasing to 114.4 million people by 2030, with the percentage of individuals under the age of thirty remaining at 55%, this market is among the promising markets in which the demand for furniture and mattress products is increasing. The furniture sector in Egypt is witnessing remarkable growth, in parallel with the continued urban expansion in Egypt, which is expected to reach 44.8% by 2030. The demand for furniture is increasing especially in new residential areas and major projects such as the New Administrative Capital and new cities that the Egyptian government aims to develop. Which is expected to increase the demand for mattresses, sponges and furniture products, both for homes and the commercial sector.

In addition, the tourism sector is one of the factors influencing the demand for furniture and mattress products, with the increasing number of tourists visiting Egypt annually, which leads to the need to furnish hotels and tourist facilities. Expectations indicate that the tourism sector in Egypt will continue to grow in the coming years, which will positively reflect on the furniture and mattress sector.

Summary of Financial Information

The summary of financial information below is based on the audited consolidated financial statements for the financial years ended December 31, 2021G, 2022G and 2023G and the interim condensed consolidated financial statements (unaudited) for the six-month period ended June 30, 2024G and the accompanying notes and should therefore be read in conjunction with them. The consolidated financial statements for the financial year ended December 31, 2021G were audited by PKF – Al Bassam Chartered Accountants, while the consolidated financial statements for the two financial years ended December 31, 2022G and December 31, 2023G were audited by Dr. Mohamed Al – Amri & Co. – Certified Accountants. As for the interim condensed consolidated financial statements (unaudited) for the six-month period ended June 30, 2024G, they were reviewed by Crowe Solutions for Professional Consulting Company.

Financial Position Statement Summary

Financial Position Statement (Saudi Riyals)	Financial year ending 31/12/2021G	Financial year ending 31/12/2022G	Financial year ending 31/12/2023G	Financial period ended 30/06/2023G	Financial period ended 30/06/2024G
Assets					
Total Current Assets	83,593,321	83,827,252	62,692,075	84,476,087	62,384,600
Total Non-Current Assets	217,334,943	192,532,288	143,407,979	190,475,534	131,711,596
Total Assets	300,928,264	276,359,540	206,100,054	274,951,621	194,096,196
Total Current Liabilities	64,966,761	81,572,593	79,194,992	86,529,743	86,209,557
Total Non-Current Liabilities	24,623,340	19,790,198	22,147,880	20,644,880	20,530,705
Total Liabilities	89,590,101	101,362,791	101,342,872	107,174,623	106,740,262
Total Equity	211,338,163	174,996,749	104,757,182	167,776,998	87,355,934
Total Liabilities and Equity	300,928,264	276,359,540	206,100,054	274,951,621	194,096,196

Source: Audited Consolidated Financial Statements for the financial years ended December 31, 2021G, 2022G and 2023G and the Interim Condensed Consolidated Financial Statements (unaudited) for the six-month period ended June 30, 2023G and the six-month period ended June 30, 2024G.

Income Statement Summary

Income Statement (Saudi Riyals)	Financial year ending 31/12/2021G	Financial year ending 31/12/2022G	Financial year ending 31/12/2023G	Financial period ended 30/06/2023G	Financial period ended 30/06/2024G
Total Revenue	163,078,518	155,347,238	150,945,257	85,351,090	71,986,869
Cost of Revenue	(136,270,301)	(133,283,043)	(122,164,644)	(67,552,685)	(55,984,904)
Gross Profit	26,808,217	22,064,195	28,780,613	17,798,405	16,001,965
Loss from Operations	(28,586,142)	(41,863,192)	(78,518,158)	(12,269,397)	(11,154,620)
Net Loss before Zakat and Income Tax	(20,370,631)	(37,579,785)	(70,810,750)	(7,741,064)	(7,346,259)
Loss for the year/period	(23,730,494)	(38,146,774)	(72,897,434)	(9,393,972)	(7,775,942)

Source: Audited Consolidated Financial Statements for the financial years ended December 31, 2021G, 2022G and 2023G and Interim Condensed Consolidated Financial Statements (unaudited) for the six-month period ended June 30, 2024G

Cash Flow Statement Summary

Cash Flow (Saudi Riyals)	Financial year ending 31/12/2021G	Financial year ending 31/12/2022G	Financial year ending 31/12/2023G	Financial period ended 30/06/2023G	Financial period ended 30/06/2024G
Cash and cash equivalents at the beginning of the year/period	16,980,510	11,820,045	17,251,994	17,251,994	7,166,986
Net cash (used in) from operating activities	887,946	(11,747,534)	(10,800,381)	(6,037,120)	(6,299,646)
Net cash (used in) from investing activities	(3,357,865)	29,605,709	8,530,054	2,766,175	10,593,516
Net cash (used in) from financing activities	(2,738,830)	(5,466,396)	(2,471,572)	(2,193,554)	(1,985,499)
Net change in cash and cash equivalents for the year/period	(5,208,749)	12,391,779	(4,741,899)	(5,464,499)	2,308,371
Net foreign currency translation differences	48,284	(6,959,830)	(5,343,109)	493,252	(5,614,390)
Cash and cash equivalents at the beginning of the year/period	11,820,045	17,251,994	7,166,986	12,280,747	3,860,967

Source: Audited Consolidated Financial Statements for the financial years ended December 31, 2021G, 2022G and 2023G and Interim Condensed Consolidated Financial Statements (unaudited) for the six-month period ended June 30, 2024G

Key Performance Indicators

Key Performance Indicators	Financial year ending 31/12/2021G	Financial year ending 31/12/2022G	Financial year ending 31/12/2023G	Financial period ended 30/06/2023G	Financial period ended 30/06/2024G
Gross Profit Margin (%)	%16.4	%16.4	19.1%	20.9%	22.2%
Loss Margin on Operations (%)	(17.5%)	(17.5%)	(52.0%)	(14.4%)	(15.5%)
Current Ratio (times)	1.3	1.3	0.8	1.0	0.7
Total Assets/Total Liabilities (times)	3.4	3.4	2.0	2.6	1.8
Total Liabilities/Total Equity (times)	0.4	0.4	1.0	0.6	1.2
Return on Total Assets (%)	(7.9%)	(7.9%)	(35.4%)	(3.4%)	(4.0%)
Return on Total Equity (%)	(11.2%)	(11.2%)	(69.6%)	(5.6%)	(8.9%)

Source: Management Information

Summary of Risk Factors

Potential investors wishing to subscribe to New Shares must, prior to making their investment decision regarding the subscription or trading in the Rights Issue shares, carefully consider all the information in this Prospectus, particularly the risk factors detailed in Section 2 “**Risk Factors**” of this Prospectus.

1. Risks Related to the Company's Activity and Operations

- Risks related to the preparation of financial statements and the qualified opinion on the consolidated financial statements for the financial year ending December 31, 2021G
- Risks related to accumulated losses
- Risks related to ongoing losses associated with SIDC Ceramic Factory "CASAVIA"
- Risks related to stagnation or decline in sales of Global Marketing Company for Sleeping System Limited
- Risks related to the Group's reliance on Global Marketing Company for Sleeping System Limited to finance its activities
- Risks related to the sales channels of Global Marketing Company for Sleeping System Limited due to factors related to the COVID-19 pandemic
- Risks related to the development of the new brand identity for Sleep High
- Risks related to the decline in sales of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) and fluctuations in the gross profit margin due to the depreciation and flotation of the Egyptian pound
- Risks related to the absence of supply agreements with Saudi Basic Industries Corporation (SABIC) as the main supplier of raw materials
- Risks related to the Group's exposure to foreign currency fluctuations and unrealized losses
- Risks related to employee costs
- Risks related to high depreciation of assets
- Risks related to insufficient insurance coverage
- Risks related to financing agreements
- Risks related to the increase in the cost of financing and its impact on the Group's net profit margin
- Risks related to the use of net proceeds from the offering
- Risks related to the impairment of goodwill recorded in the financial year 2023G
- Risks related to the subscription surplus
- Risks related to Zakat and tax differences and potential Zakat obligations
- Risks related to the reporting environment and system limitations
- Risks related to the concentration of the Group's revenues
- Risks related to the concentration of the Group's sales from major customers
- Risks related to the availability of key raw materials
- Risks related to the concentration of raw material suppliers
- Risks related to trade payables
- Risks related to inventory management
- Risks related to goods transportation
- Risks related to credit
- Risks related to liquidity
- Risks related to the Company's high liabilities-to-assets ratio
- Risks related to the implementation of the Corporate Governance Regulations
- Risks related to transactions with related parties
- Risks related to the Board of Directors' delegation of the authority to authorize businesses and contracts in which any member of the Board of Directors has a direct or indirect interest
- Risks related to the failure to obtain or renew government licenses, certificates and permits
- Risks related to the inability to implement the strategy
- Risks related to third parties' contracts
- Risks related to non-compliance with product quality, manufacturing defects, and resulting warranty claims
- Risks related to unexpected accidents at the Group's factories

- Risks related to securing future financing
- Risks related to operational systems and information technology
- Risks related to lease contracts concluded with non-governmental entities
- Risks related to lease contracts concluded with governmental entities
- Risks related to trademarks and intellectual property rights
- Risks related to lawsuits, claims, arbitration, and administrative proceedings
- Risks related to reliance on non-Saudi employees
- Risks related to reliance on key employees and talent acquisition
- Risks related to employee behavior and errors
- Risks related to reliance on the Ajeer platform to provide workforce
- Risks related to the Company's reputation
- Risks related to amendments to International Financial Reporting Standards (IFRS) or the application of new IFRS in the future
- Risks related to possible termination of lease contracts concluded with the Royal Commission for Jubail and Yanbu and the Saudi Authority for Industrial Cities and Technology Zones (MODON)
- Risks related to failure to publish financial statements and information and the suspension of trading.
- Risks Related to Qualified Opinion in the Interim Condensed Consolidated Financial Statements (Unaudited) for the Six-Month Period Ended June 30, 2025G, and Non-Compliance with Certain Approved International Accounting Standards

2. Risks Related to the Market and Industry/Sector

- Risks related to potential geopolitical risks affecting the operations of the Group's subsidiaries
- Risks related to the decline in consumer spending due to poor economic conditions
- Risks related to the Group's operations being subject to environmental, health, and safety regulations and laws
- Risks related to non-compliance with existing regulations and/or the issuance of new regulations and laws
- Risks related to competition and the Company's market share
- Risks related to the competition law
- Risks related to energy, electricity products, and related services
- Risks related to value-added Tax (VAT)
- Risks related to the imposition of new fees or taxes
- Risks related to government fees applied to the employment of non-Saudi employees
- Risks related to currency exchange rates

3. Risks Related to Offered Securities

- Risks related to potential fluctuation in the price of rights issue Risks related to potential fluctuations in share price
- Risks related to unprofitability or sale of Rights Issue
- Risks related to forward-looking statements
- Risks related to potential issuance of new shares
- Risks related to lack of demand for the Company's Shares and Rights Issue
- Risks related to decrease in percentages of ownership
- Risks related to failure to exercise the Rights Issue in a timely manner
- Risks related to the distribution of dividends to shareholders
- Risks related to speculation in Rights Issue
- Risks related to shareholders' limited awareness of the trading mechanism and exercise of Rights Issue
- Risks related to suspension of trading or cancellation of the Company's shares due to not publishing the financial statements within the regulatory period

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1. Terms and Definitions

Term	Definition
“SIDC” or the “Company” or the “Issuer” or “Parent Company”	Saudi Industrial Development Company (SIDC), a Saudi joint stock Company.
The Group	Saudi Industrial Development Company (SIDC) and its subsidiaries.
SIDC Commercial Investment Company	A subsidiary in the Kingdom of Saudi Arabia (100%) owned by the Saudi Industrial Development Company “SIDC” – it is a limited liability company registered in the commercial register in the city of Riyadh under number (4030120377) on 21/06/1417H (corresponding to 03/11/1996G), with a capital of ten million (10,000,000) Saudi Riyals.
SIDC Investment Projects Company	A subsidiary in the Kingdom of Saudi Arabia (100%) owned by the Saudi Industrial Development Company “SIDC” – it is a limited liability company registered in the commercial register in the city of Riyadh under number (4030223716) on 03/04/1433H (corresponding to 25/02/2012G), with a capital of one hundred thousand (100,000) Saudi Riyals.
Global Marketing Company for Sleeping System Limited	A subsidiary in the Kingdom of Saudi Arabia (100%) owned by the Saudi Industrial Development Company (SIDC) – it is a limited liability company registered in the commercial register in the city of Jeddah under number (4030121778) on 18/03/1418H (corresponding to 23/07/1997G), with a capital of one hundred million (100,000,000) Saudi Riyals.
Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	A subsidiary in the Arab Republic of Egypt (100%) owned by the Saudi Industrial Development Company “SIDC” – it is a limited liability company registered in the commercial register (Cairo Investment) under number (1763) with a capital of fifty million (50,000,000) Egyptian pounds, equivalent to thirty-two million seven hundred seventy-three thousand nine hundred and eighty-eight (32,773,988) Saudi Riyals.
Emmdad Logistic Services Company	A subsidiary company in the Kingdom of Saudi Arabia (50%) owned by the Saudi Industrial Development Company “SIDC” – it is a limited liability company registered in the commercial register in the city of Riyadh under number (1010386443) on 21/10/1434H (corresponding to 28/08/2013G) and its capital is nine million (9,000,000) Saudi Riyals.
SIDC Ceramic Factory "CASAVIA" or Casavia Factory or the Factory	SIDC Ceramic Factory "CASAVIA", a branch of the Saudi Industrial Development Company (SIDC), registered in the commercial register in Yanbu under number (4700005290) on 09/05/1416H (corresponding to 03/10/1995G).
Underwriting Agreement	Underwriting agreement between the Company and the Underwriter.
Instructions & Procedures Related to Listed Companies with Accumulated Losses amounting to (20%) or more of their Share Capital	Issued by the Board of the Capital Market Authority pursuant to Resolution No. (4-48-2013) dated 15/01/1435H (corresponding to 18/11/2013G) based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H, amended by Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G).
Senior Management or Executive Management (or Company's Management)	The executive management team or senior in Saudi Industrial Development Company “SIDC”.
New Shares	Sixteen million five hundred thousand (16,500,000) ordinary shares, which will be issued to increase the Company's capital.
Current Shares	The current shares of the Company, amounting to thirteen million five hundred thousand (13,500,000) nominal shares of equal value, with a nominal value of ten (10) Saudi Riyals per share, fully paid and all of which are ordinary cash shares, with a total value of one hundred and thirty-five million (135,000,000) Saudi Riyals.
Remaining shares	The remaining shares that were not subscribed to during the subscription period.
Eligible Persons	All holders of Rights, whether Registered Shareholders or persons who purchased Rights during the trading period.
Related Parties	According to the Rules of the Offer of Securities and Continuing Obligations, and the Glossary of Defined Terms Used in The Regulations and Rules of the CMA, Related Parties are considered as the following: 1. affiliates of the Issuer except for wholly-owned companies. 2. substantial shareholders of the Issuer. 3. directors and senior executives of the Issuer. 4. directors of affiliates of the Issuer. 5. directors and senior executives of substantial shareholders of the Issuer. 6. any relatives of persons described at (1), (2), (3) or (5) above. 7. any company controlled by any person described at (1), (2), (3), (5) or (6) above.

Term	Definition
Instructions for Companies Announcements	issued by the Board of the Capital Market Authority pursuant to Resolution No. (1-199-2006) dated 18/07/1427H (corresponding to 12/08/2006G) amended pursuant to Resolution No. (3-79-2023) dated 19/02/1445H (corresponding to 04/09/2023G).
Litigation	Recourse to courts or judicial committees to reach a settlement of a dispute.
Nationalization/ Saudization	Saudization requirements applied in the KSA regarding the labor market.
General Assembly	The General Assembly held in the presence of the Company's Shareholders in accordance with the provisions of the Companies Law and the Company's Bylaws. It may be ordinary or extraordinary.
Ordinary General Assembly	The Ordinary General Assembly of the Company's Shareholders (OGA).
The Extraordinary General Assembly	The Extraordinary General Assembly of the Company's Shareholders (EGA).
The Public	As per the Glossary of Defined Terms Used in The Regulations and Rules of the CMA, the Public are persons other than the following: 1. Affiliates of the Issuer. 2. Substantial Shareholders of the Issuer. 3. Board members and senior executives of the Issuer. 4. Board members and senior executives of affiliates of the Issuer. 5. Board members and senior executives of substantial shareholders of the Issuer. 6. Any relatives of the persons described at (1, 2, 3, 4 or 5) above. 7. Any Company controlled by any persons described at (1, 2, 3, 4, 5 or 6) above. 8. Persons acting in concert, with a collective shareholding of (5%) or more of the class of shares to be listed.
Rights Issue	Rights are issued as tradable securities that grant their holders the priority to subscribe to the New Shares offered, upon approval of the capital increase. All Shareholders registered in the Company's Register are entitled to receive such Rights, noting that the Rights Issue may be traded during the trading period. Each right grants its holder eligibility to subscribe to one New Share at the Offer Price. Rights Issue will be deposited within two days from the date of the EGA's meeting approving the capital increase. The Rights will appear in the Registered Shareholders portfolios under a new symbol specifying the Rights Issue. Registered Shareholders will be notified of the deposit of Rights in their portfolios.
The Government	The Government of the Kingdom of Saudi Arabia, and the word "Governmental" shall be interpreted accordingly.
Vision 2030	The National Strategic Economic Program, which aims to reduce dependence on oil and the petrochemical industry, diversify the Saudi economy, and develop services.
Riyal, Saudi Riyal or the Riyal	The official currency of the Kingdom of Saudi Arabia.
Egyptian pound, the Egyptian pound	The official currency of the Arab Republic of Egypt.
Right Trading Price	It is the price at which the Right is traded, noting that such price is set through the offer and demand mechanism; therefore, it may differ from the Indicative Value of the Right.
Offer / Subscription Price	Ten (10) Saudi Riyals per share.
Financial Year(s)	It is the period set to submit the result of the establishment's activity. Its beginning and ending are specified in the incorporation contract or the Company's Bylaws, noting that the Company's financial year ends on December 31 of each Gregorian calendar year.
The Saudi Stock Exchange Market, the Financial Market or the Stock Market or the Market	The Saudi Stock Exchange Market for shares trading.
Person	A natural or legal person
Security Depository Center Company ("Edaa")	A closed joint stock Company wholly owned by the Saudi Tadawul Group (Tadawul), established in 2016 under the Saudi Companies Law issued by Royal Decree No. M/3 on 28/01/1437H (corresponding to 11/11/2015G).
Social Insurance Certificate	Certificate issued by the General Organization for Social Insurance in the Kingdom of Saudi Arabia.
Zakat Certificate	Certificate issued by the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia.
Net Offering Proceeds	The net proceeds from the offering, after deducting the offering expenses, will amount to one hundred and fifty-nine million (159,000,000) Saudi Riyals.

Term	Definition
Value-added Tax (VAT)	On 02/05/1438H (corresponding to 30/01/2017G), the Council of Ministers decided to approve the unified agreement for value-added tax for the countries of the Gulf Cooperation Council, which came into effect starting from January 1, 2018G, as a new tax added to the system of taxes and other fees that must be implemented by specific sectors in the Kingdom and in the Gulf Cooperation Council countries. The amount of this tax is (5%), and a number of products have been excluded from it (such as basic foods and services related to health care and education). The Board of Directors of the Zakat, Tax and Customs Authority No. (20-3-2) dated 17/10/1441H (corresponding to 09/06/2020G) decided to amend the Value-added Tax Law to become (15%) starting from July 1, 2020G, according to this his powers based on Article Five (5) of the Zakat, Tax and Customs Authority issued by Ministerial Resolution No. (465) dated 20/07/1438H (corresponding to 17/04/2017G) and after reviewing Royal Order No. (A/638) dated 15/10/1441H (corresponding to 07/06/2020G) issued regarding amending Value-added Tax Law to allow the increase of the basic tax rate to (15%) starting July 1, 2020G.
Offering Period	The period starting from ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) and ended ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G).
Rump Offering Period	The period from (10:00) a.m. on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) to (5:00) p.m. on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G).
Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority	The Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority issued by the Board of the CMA pursuant to its Resolution No. (4-11-2004) dated 20/08/1425H (corresponding to 04/10/2004G) based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H, amended by Resolution of the Board of the CMA No. (3-6-2024) dated 05/07/1445H (corresponding to 17/01/2024 G).
Listing Rules	Listing rules issued by the Saudi Stock Exchange (Tadawul) and approved by CMA Board Resolution No. (3-123-2017), dated 09/04/1439H (corresponding to 27/12/2017G), amended by Resolution No. (1-104-2019), dated 01/02/1441H (corresponding to 30/09/2019G), amended by Resolution No. (01/22/2021) dated 12/07/1442H (corresponding to 24/02/2021G), amended by Resolution No. (1-19-2022) On 12/07/1443H (corresponding to 13/02/2022G), amended by Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G), amended by Resolution No. (3-96-2022) dated 10/02/1444H (corresponding to 06/09/2022G), and amended by Resolution No. (1-108-2022) dated 23/03/1444H (corresponding to 19/10/2022G) and amended by its Resolution No. (4-114-2024) dated 04/04/1446H (corresponding to 07/10/2024G).
Rules on the Offer of Securities and Continuing Obligations	Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority, pursuant to its Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G), based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H, (corresponding to 31/07/2003G), amended by Resolution of the Board of the CMA No. (3-114-2024) dated 04/04/1446H (corresponding to 07/10/2024G).
Financial Statements	In this Prospectus, it means the consolidated audited financial statements for the financial years ended on December 31, 2021G, and 2022G, and 2023G and the interim condensed consolidated financial statements (unaudited) for the six-month period ended June 30, 2024G.
Right Indicative Value	The indicative value of a Right reflects the difference between the market value of the Company's share during the Trading Period and the Offer Price.
Implementing Regulations of the Companies Law for Listed Joint Stock Companies	Issued by the Board of Capital Market Authority pursuant to its Resolution No. (8-127-2016) dated 16/01/1438H (corresponding to 17/10/2016G) based on the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H amended by Resolution of the Board of the Capital Market Authority No. (2-26-2023) dated 05/09/1444H (corresponding to 27/03/2023G) based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).
Corporate Governance Regulations	The Corporate Governance Regulations in KSA issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017G) dated 16/05/1438H (Corresponding to 13/02/2017G) based on the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H and amended by Resolution of the Board of the Capital Market Authority No. (8-5-2023G) dated 25/06/1444H (corresponding to 18/01/2023G), based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H.
Underwriter and Lead Manager	Alinma Capital Company.
The Board, The Board of Directors or The Board Members	The Company's Board of Directors elected by the General Assembly of Shareholders in accordance with the provisions of the Company's Bylaws and the requirements of the competent authorities related to the membership of the BOD of joint stock companies (JSC) (in particular the requirements of the CMA and the Saudi Central Bank) recognized under the regulations in force in the KSA, and whose names appear on page (iii).
Saudi Tadawul Group	On 25/08/1442H (corresponding to 07/04/2021G), the Saudi Stock Exchange Company was transformed into a holding company under the name of Saudi Tadawul Group, with a new structure that supports the development of the future of the Saudi financial market and ensures its continued development. The Saudi Tadawul Group includes four (4) subsidiaries: Saudi Tadawul as a securities market, the The Securities Clearing Center Company (Muqassa), the Securities Depository Center (Edaa), and (Wamid) Company, which specializes in innovation-based technical services and solutions.
Portfolios	An investment vehicle that includes a number of assets.
Head Office/ Headquarters	The Company's Head Office is located in Jeddah - Prince Mohammed bin Abdulaziz Street - postal code 12105 - Jeddah 21473.
Registered Shareholder	The investor registered in the Issuer's securities ownership registry.
Substantial Shareholders	Shareholders who own (5%) or more of the Company's shares. As of the date of publication of this Prospectus, the Company does not have any substantial shareholders.
Founding Shareholders	They are the Company's Founding Shareholders whose names appear in Table No. (●).

Term	Definition
Financial Advisor	Alinma Capital Company, which was appointed by the Company as Financial Advisor and Lead Manager in relation to the Rights Issue as tradable securities.
Eligibility Ratio	Result of dividing the number of new shares by the number of the Company's current shares
International Financial Reporting Standards (IFRS)	International Financial Reporting Standards adopted in the KSA, and other standards and issuances issued by the Saudi Organization for Auditors and Accountants (International Financial Reporting Standards).
Subscriber	Any eligible shareholder who subscribes or submits an application to subscribe for the Rights Issue in accordance with the terms and conditions of the Company's issue of shares.
The Kingdom, or Saudi Arabia	The Kingdom of Saudi Arabia
Institutional Investors	It includes a group of institutions, which are as follows: a. the Government of the Kingdom or any supranational authority recognized by the CMA or the depository center (Edaa); b. companies fully owned by the government or any government entity, either directly or through a portfolio managed by a Capital Market Institution authorized to carry on managing business; c. institutional companies acting on their own account; d. Capital Market Institution authorized to deal in securities as principal; e. clients of a Capital Market Institution by the Authority to conduct managing activities provided that the offering is made to that capital market institution and that all relevant communications are made through it. The Capital Market Institution must have been appointed on terms which enable it to make decisions concerning the acceptance of an offer of securities on the client's behalf without obtaining prior approval from the client; f. public and private funds that invest in securities listed on the Exchange; g. any legal persons allowed to open an investment account in the Kingdom and an account at the depository center (Edaa); h. companies owned by the government either directly or through a portfolio privately managed; i. Gulf companies and funds if allowed by the terms and conditions of the fund; j. any registered person with the Capital Market Institution if the offering is made by the capital market institution itself; k. qualified investors; and l. any other persons prescribed by the CMA.
General Organization for Social Insurance	The General Organization for Social Insurance in the Kingdom of Saudi Arabia.
Prospectus	This document prepared by the Company concerning the Offering of Rights Shares.
Nitaqat	The Saudization program (Nitaqat) was approved pursuant to Resolution No. (4040) of His Excellency the Minister of Labor dated 12/10/1432H (corresponding to 10/09/2011G) based on Ministerial Resolution No. (50) dated 21/04/1415H (corresponding to 27/09/1994G). The Ministry of Human Resources and Social Development in the Kingdom launched the program to provide incentives for establishments to employ Saudis. The program evaluates the performance of the facility on the basis of specific ranges (Platinum, Green, and Red) according to the activity and sector under which the Company falls. On 11/10/1442H (corresponding to 23/05/2021 G), the Ministry of Human Resources and Social Development launched the developed "Nitaqat" program (a Saudi nationalization scheme), which offers three main advantages: The first: a clear vision and transparent Saudization plan for the next three years in order to increase organizational stability in the private sector. The second: the direct relationship between the number of workforce and the required Saudization percentages for each facility is based on a linear equation that is proportionally related to the number the facility's workforce, instead of the current Saudization percentage system, based on the classification of establishments into specific and fixed sizes. The third: simplifying the design of the program and improving the customer experience by integrating the categories of activities with common characteristics, to be 32 instead of 85 activities in "Nitaqat". This program will also contribute to providing more than (340,000) jobs until 2024G.
Bylaws	The Company's Bylaws approved by the constitutional General Assembly and their subsequent amendments. The last amendment has been made according to the EGA's Resolution dated 03/09/1446H (corresponding to 03/03/2025G) and approved by the Ministry of Commerce (Operations Management) on 16/09/1446H (corresponding to 16/03/2025G). The Bylaws can be reviewed at the Company's Head Office or the electronic copy by visiting the Tadawul website (the Company's profile page).
Tadawul System	The automated system for trading of securities on the Saudi Stock Exchange.
Law of Commercial Register	The Law of Commercial Register issued by Royal Decree No. (M/1) dated 21/02/1416H (corresponding to 19/07/1995G), and its regulations issued pursuant to Ministerial Decree No. (1003) dated 21/09/1416H (corresponding to 11/02/1996G).
Capital Market Law	The Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G).
Companies Law	The Companies Law in the Kingdom of Saudi Arabia issued pursuant to Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G) and Cabinet Resolution No. (678) dated 29/11/1443H (corresponding to 28/06/2022G).
Labor Law	The Saudi Labor Law pursuant to Royal Decree No. (M/51) dated 23/08/1426H (corresponding to 27/09/2005G), and any amendments thereto and the decisions and regulations issued in implementation of its provisions.
H	Hijri calendar
G	Gregorian calendar

Term	Definition
Zakat, Tax and Customs Authority	The Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia (The General Authority for Zakat and Tax (GAZT) or the Department of Zakat, and Tax formerly) is one of the government agencies that are organizationally linked to the Minister of Finance, and it is the body entrusted with the work of levying zakat and tax collection. On 22/09/1442H (corresponding to 04/05/2021G), the Council of Ministers approved the merging of the General Authority of Zakat and Tax (GAZT) and the General Authority of Customs (GAC) to form the “Zakat, Tax and Customs Authority (ZATCA)”.
Royal Commission for Jubail and Yanbu or Royal Commission	Royal Commission for Jubail and Yanbu in the Kingdom of Saudi Arabia.
Saudi Authority for Industrial Cities and Technology Zones (MODON)	Saudi Authority for Industrial Cities and Technology Zones in the Kingdom of Saudi Arabia.
Saudi Authority for Intellectual Property	Saudi Authority for Intellectual Property in the Kingdom of Saudi Arabia.
General Authority for Competition	General Authority for Competition in the Kingdom of Saudi Arabia.
General Authority for Industrial Development – Ministry of Industry and Trade	The General Authority for Industrial Development, affiliated with the Ministry of Industry and Trade in the Arab Republic of Egypt.
The Saudi Organization for Chartered and Professional Accountants (SOCPA)	The Saudi Organization for Chartered and Professional Accountants in the Kingdom of Saudi Arabia (Formerly the Saudi Organization for Certified Public Accountants).
Capital Market Authority or Authority	The Capital Market Authority in the Kingdom of Saudi Arabia.
Ministry of Commerce	The Ministry of Commerce in the Kingdom of Saudi Arabia (formerly the Ministry of Commerce and Investment).
Ministry of Supply and Internal Trade	Ministry of Supply and Internal Trade in the Arab Republic of Egypt.
Ministry of Interior	The Ministry of Interior in the Kingdom of Saudi Arabia.
Ministry of Municipalities & Housing	The Ministry of Municipalities and Housing in the Kingdom of Saudi Arabia. (Formerly the “Ministry of Municipal, Rural Affairs and Housing”).
Ministry of Industry and Mineral Resources	Ministry of Industry and Mineral Resources in the Kingdom of Saudi Arabia.
Ministry of Human Resources and Social Development	The Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia (Formerly the Ministry of Labor and Social Development).
Business Day	A business day means any day except any Friday, any Saturday, or any day which is a federal legal holiday in KSA or any day on which banking institutions are authorized or required by law or other governmental action to close.
WIRE 2.4mm	2.4mm thick wire for manufacturing spring units used in manufacturing sponge’s chassis used in spring mattress manufacturing.
LATEX FOAM SIZE 198*198*5 D80	Latex foam used as a layer in mattress manufacturing, slice size 198cm*198cm*5cm and square meter weight 80kg.
TDI	A chemical raw material (toluene diisocyanate) used in the production of sponges.
Polyol Conventional POLYOL 45%	Polyol is a polymeric chemical raw material, mainly used in the sponge industry.
MDI (POLYMER)	A chemical raw material (methylene diphenyl diisocyanate) used in the production of sponges.
BALL CLAY-HYCAST VCC. Clay - PAR KAOLIN-Imerys-UK	Clay: Natural earthy raw materials used in the manufacture of sanitary ceramic products (sanitary ware).
FELDSPAR 63 MICRON	Feldspar is a group of minerals that make up a large part of the Earth’s crust and is used to improve the properties of ceramic products such as durability and resistance.

2. Risk Factors

In addition to the other information included in this Prospectus, all prospective investors in the shares offered for subscription should carefully consider the information in this Prospectus, in particular the risk factors described below, prior to making any decision of purchasing the shares offered for subscription. However, the risks described below are not inclusive of all the risks that the Company may encounter; there could be other risks currently unknown to the Company, that may affect its operations. The Board Members declare that they are not aware of any other material risks than those set out below that may have an adverse effect on the Company's activity and its financial performance, as of the date of this Prospectus.

An investment in the Offered Shares is only suitable for investors who are able to assess the risks and benefits of such investment and who have sufficient resources to bear any loss that may result from such investment. Potential investors who have any doubts about the decision to invest in the Company should seek the assistance of a financial advisor licensed by the Capital Market Authority to obtain appropriate advice on investing in the Offered Shares.

The BOD's Members also acknowledge, to the best of their knowledge and belief, that there are no material risks that may affect the investors' decision as of the date of this Prospectus. In the event that one of the risk factors that the Company's management currently believes to be significant occurs or is realized, or any other risks that the management has not been able to identify or that it believes to be immaterial, if they occur or become material, the Company's activity, financial position, results of operations, cash flows and future prospects may be adversely and materially affected. The occurrence of one or some of these risks will lead to a decline in the market price of the shares, which will cause potential investors to lose all or part of their investment in the Company's Shares.

The risks described below are presented in an order that does not reflect their importance. Additional risks and uncertainties, including those unknown or deemed immaterial now, may have the impacts described above.

2.1 Risks Related to the Company's Activity and Operations

2.1.1 Risks related to the preparation of the financial statements and the qualified opinion of the consolidated financial statements for the year ended 31 December 2021G

The audited consolidated financial statements for the financial year ended 31 December 2021G showed a qualified opinion by the auditors (PKF Al Bassam Chartered Accountants as the auditor of the Group for the financial year ended 31 December 2021G) with respect to the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) – one of the Group's subsidiaries, with respect to property, machinery and equipment, inventory, other receivables, requirements, sales and cost of sales, where the total assets of the company. The subsidiary is (34.3) million Saudi Riyals representing (11.4%) of the total consolidated assets as at 31 December 2021G, the total liabilities of the subsidiary are (9.4) million Saudi Riyals representing (10.5%) of the total consolidated liabilities as at 31 December 2021G, the total revenues of the subsidiary are (34.3) million Saudi Riyals representing (21.0%) of the total consolidated revenues as at 31 December 2021G, and the total cost of sales is (26.8) million Saudi Riyals representing (19.7%) of Total consolidated cost of sales as at 31 December 2021G. (For more information on the basis for the qualified opinion, please refer to paragraph (5.4) "*Qualified Opinion of the Auditor for the financial year 2021G*" of Section (5) "*Financial Information and Management Discussion and Analysis*" of this Prospectus).

The basis for this opinion was the inability to achieve a sufficient degree of assurance regarding the subsidiary's book balances or values as of December 31, 2021G, as well as the parent company's share of the subsidiary's profits and losses. PKF Al Bassam Chartered Accountants indicated that they were not permitted to verify the financial information from Abd-Elaziz Hegazy & Co. Crowe (the auditor of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) – one of the subsidiaries), including the subsidiary's auditors' documentation of the audit work. Accordingly, they were unable to determine whether any adjustments were necessary.

It should also be noted that the subsidiary is not subject to the laws of the Kingdom of Saudi Arabia. Therefore, there is no guarantee that the external auditors will be fully informed of all information related to the subsidiary. This would limit the auditors' ability to fully review the subsidiary's information. Although this reservation has been removed from the 2022G financial statements, there is no guarantee that these reservations will not be repeated in the future, which would have a material adverse impact on the group's business, financial position, results of operations, and future prospects.

Dr. Mohammed Al-Amri BDO – Certified Public Accountants, and Crowe Solutions for Professional Consulting Company, made a note in the financial statements for the financial year ending December 31, 2023G, and a note in the statements for the financial period ending June 30, 2024G, related to the existence of fundamental uncertainty about the Group's ability to continue, as a result of the high percentage of accumulated losses, as it achieved a net loss of (74.4) million Saudi Riyals during the financial year ending December 31, 2023G, which resulted in an increase in the balance of accumulated losses to reach (267.7) million Saudi Riyals, representing (66.92%) of the capital as of December 31, 2023G. The Company also achieved a net loss during the financial period ending June 30, 2024G, amounting to (7.8) million Saudi Riyals, bringing the total balance of accumulated losses to (276.3) million Saudi Riyals, which represents (69.08%) of the capital as of June 30, 2024G. In addition, the Group recorded an unrealized net loss is amounted of (34.3) million Saudi Riyals as of December 31, 2023G

and (43.9) million Saudi Riyals as of June 30, 2024G, as a result of foreign exchange rate differences (related to the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) and other reserves.

In addition, the Group's current liabilities exceeded its current assets by (16.5) million Saudi Riyals as of December 31, 2023G and (23.8) million Saudi Riyals as of June 30, 2024G, which indicates the existence of substantial uncertainty that may raise doubts about its ability to continue its operations, which would have a material adverse effect on its business and financial position.

2.1.2 Risks related to Accumulated Losses

During the previous years, the Group incurred accumulated losses amounting to (47.5) million Saudi Riyals, representing (11.87%) of the Company's capital as of December 31, 2021G, (63.2) million Saudi Riyals, representing (15.80%) of the Company's capital as of December 31, 2022G, and (267.7) million Saudi Riyals, representing (66.92%) of the Company's capital as of December 31, 2023G. As of June 30, 2024G, the Company's accumulated losses amounted to (276.3) million Saudi Riyals, representing (69.09%) of the Company's capital. (For further details on accumulated losses, please refer to subparagraph (5.6.2.3.4) "**Accumulated losses**" of Section (5) "**Financial Information and Management Discussion and Analysis**" of this Prospectus).

On 16/03/1446H (corresponding to 19/09/2024G), the Extraordinary General Assembly approved reducing the Company's capital from (400) million Saudi Riyals to (135) million Saudi Riyals, and thus accumulated losses of (265) million Saudi Riyals were extinguished from the Company's total accumulated losses. As of September 30, 2024G, the Company's accumulated losses amounted to (9.5) million Saudi Riyals, representing (7.00%) of the Company's capital. If the Company continues to incur accumulated losses in the future to levels exceeding (50%) of its capital or more, and based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), and in particular Article (132) of the Companies Law, if the losses of a joint-stock company reach half of the issued capital, the Board of Directors must disclose this and its recommendations regarding those losses within (60) days from the date of its knowledge that they have reached this amount, and invite the Extraordinary General Assembly to meet within (180) days from the date of knowledge of this to consider the continuation of the company and take any necessary measures to address or resolve those losses, which will lead to negative and material effects on the Group's financial position, business results and future prospects.

2.1.3 Risks Related to Ongoing Losses Associated with SIDC Ceramic Factory "CASAVIA"

SIDC Ceramic Factory "CASAVIA", a branch of the Saudi Industrial Development Company (SIDC), contributed significantly to the Group's losses during the financial years ending December 31, 2021-2023 and the six-month period ending June 30, 2024G, where the losses for the financial year 2021G for SIDC Ceramic Factory "CASAVIA" SIDC Ceramic Factory "CASAVIA" amounted to (9.9) million Saudi Riyals, representing (40.5%) of the total losses for the year as in the standalone financial statements of the Saudi Industrial Development Company amounting to (24.5) million Saudi Riyals, representing (51.6%) of the total consolidated accumulated losses of the Group as at 30 December 2021G, and the losses for the financial year 2022G for SIDC Ceramic Factory "CASAVIA" amounted to (17.6) million Saudi Riyals, representing (45.4%) of the total losses for the year as in the standalone financial statements of the Saudi Industrial Development Company amounting to (38.8) million Saudi Riyals and representing (61.3%) of the total consolidated accumulated losses of the Group as at 30 December 2022G, while the losses for the financial year 2023G for SIDC Ceramic Factory "CASAVIA" amounted to (34.4) million Saudi Riyals. It represents (46.2%) of the total losses for the year as in the standalone financial statements of the Saudi Industrial Development Company amounting to (74.4) million Saudi Riyals and represents (27.8%) of the total consolidated accumulated losses of the group as at 30 December 2023G, while the losses for the first half of 2024G for SIDC Ceramic Factory "CASAVIA" amounted to (6.0) million Saudi Riyals, representing (69.9%) of the total losses for the period as in the standalone financial statements of the Saudi Industrial Development Company amounting to (8.6) million Riyals Saudi represents (3.1%) of the Group's total consolidated accumulated losses as at the end of the first half of 2024G. (For more information on the year's losses for the head office, please refer to paragraph (5.6.4.1) "**Statement of Profit or Loss and Other Comprehensive Income**" of paragraph (5.6.4) "**Saudi Industrial Development Co. – (SIDC) – Separate Financial Statements**" of Section (5) "**Financial Information and Management Discussion and Analysis**" of this Prospectus). The sales of SIDC Ceramic Factory "CASAVIA" decreased from (13.4) million Saudi Riyals during the financial year 2021G to (11.9) million Saudi Riyals in the financial year 2023G, and the total sales reached (3.8) Saudi Riyals during the first half of 2024G, due to two main factors:

1. Consumer preferences changed from 2019G for sanitary ware products (toilet sets "sinks and seats") with one piece instead of two-piece products (manufactured by the Company), which required a complete change in production lines, which took longer than expected.
2. Continued flooding of the local market with imported products from the People's Republic of China and the People's Republic of India, which are sold at low prices in the local market compared to locally manufactured products. As a result, products were sold at very low prices (with an average discount of 50% of total sales during the financial year 2021G and the first half of 2024G), and even at prices below cost, in order to maintain the Company's market share and retain customers.

As a result, the Group's financial and operational performance was affected by an increase in net loss of (5.0) million Saudi Riyals, (8.0) million Saudi Riyals, (23.4) million Saudi Riyals and (5.0) million Saudi Riyals during the financial year ending December 31, 2021G, 2022 and 2023G and the six-month period ending June 30, 2024G, respectively.

The Group recorded significant total losses during the period from financial year 2021G to financial year 2023G, with a limited total profit of (488) thousand Saudi Riyals in the first half of 2024G.

During the period from financial year 2021G to financial year 2023G, the Group recorded a decline in all old fixed assets (except for the four production lines and air compressors that were purchased in financial year 2023G to produce one-piece sanitary ware) as management

considered that they do not generate revenue, in addition to writing off old inventory provisions. The following table shows the details of the decline in fixed assets and inventory of SIDC Casavia from 2021G to 2023G:

Table 1: Details of the decline in assets and inventory from 2021G to 2023G

One million Saudi Riyals	As of December 31,		
	2021G	2022G	2023G
Decrease in fixed assets	-	3.1	16.4
Decrease in Inventory	4.4	4.9	7.0
Total	4.4	8.0	23.4

Source: Management Information

If the factory fails to keep up with consumer preferences in products and develop production lines, along with the continued flooding of the local market with products from the People's Republic of China and the People's Republic of India, and the continued decline in its sales and selling them at less than their cost, this will lead to it incurring more losses, which will directly affect the group's financial position and thus increase the percentage of accumulated losses from its capital, which requires the implementation of the procedures and instructions for companies whose shares are listed on the market and whose accumulated losses have reached (20%) or more of their capital, noting that the accumulated losses may lead to the dissolution of the company in accordance with the provisions of Article (132) of the Companies Law, which poses risks related to the continuity of the Company and its business.

2.1.4 Risks Related to Stagnation or Decline in Sales of Global Marketing Company for Sleeping System Limited

The sales of Global Marketing Company for Sleeping System Limited reached a relatively stable level during the period extending from financial year 2021G to financial year 2023G, reaching (108) million Saudi Riyals, representing (66%) of the group's total sales during the financial year 2021G, and decreased to (103) million Saudi Riyals, representing (66%) of the group's total sales during the financial year 2022G, then increased to (109) million Saudi Riyals, representing (72%) of the group's total sales during the year Finance 2023G, There was also a decrease during the first half of 2024G, as it decreased from (62.1) million Saudi Riyals at the end of the first half of 2023G, representing (73%) of the group's total sales, to (53.3) million Saudi Riyals at the end of the first half of 2024G, representing (74%) of the group's total sales. (For further details regarding the sales of Global Marketing Company for Sleeping System Limited, please refer to the "Sales" subparagraph of paragraph (5.7.1.1) "*Statement of Profit or Loss and Other Comprehensive Income*" of paragraph (5.7) "*Material Subsidiaries*" of Section (5) "*Financial Information and Management Discussion and Analysis*" of this Prospectus).

The sales of the Global Marketing Company for Sleeping System Limited declined by (5.3%) between 2021G and 2022G, compared to an increase of (6.5%) between 2022G and 2023G and a decrease of (14.3%) between the six months ending on June 30, 2023G and June 30, 2024G. This is due to the decline in sales through the projects sales channel, where the quantities sold decreased by (22) thousand units, a decrease of (18.7%), and the average selling price decreased by (36.1%), as a result of the failure of some projects and their postponement for the first quarter of 2025G, in addition to customers' preference for low-priced products.

Global Marketing Company for Sleeping System Limited recorded the lowest sales level in the second quarter of 2024G (21.9 million Saudi Riyals) compared to other second quarters (average of 30 million Saudi Riyals), due to the high level of discounts granted in the first quarter of 2024G, which led to an increase in demand from wholesale and retail distributors during that period and a decrease in demand in the second quarter of 2024G. Accordingly, these factors affect the sales ratio of Global Marketing Company for Sleeping System Limited and consequently the financial performance and profitability of the Group in the future, as Global Marketing Company for Sleeping System Limited is the main entity that generates revenues for the Group and there is no guarantee on how sales ratios will develop and increase in the future, which will lead to negative and material effects on the Group's financial position, results of its business and future prospects.

2.1.5 Risks related to the Group's reliance on Global Marketing Company for Sleeping System Limited to finance its activities

The Group has historically relied on Global Marketing Company for Sleeping System Limited to finance its activities, given its significant contribution to sales and profitability (its average sales to the Group's total sales amounted to (70%) during the financial years ending December 31, 2021G, December 31, 2022G and December 31, 2023G), in addition to its investment in shares of banks and other companies listed on the Saudi and Egyptian stock markets. (For more information on the financial performance of Global Marketing Company for Sleeping System Limited, please refer to subparagraph (5.7.1) "*Global Marketing Company for Sleeping Systems*" of paragraph (5.7) "*Material Subsidiaries*" of Section (5) "*Financial Information and Management Discussion and Analysis*" of this Prospectus). There are several factors that may affect the ability of Global Marketing Company for Sleeping System Limited to continue financing the group, including the following:

1. Sales decreased to (100) million Saudi Riyals in the last 12 months to 30 June 2024G (compared to relatively stable levels during the period from financial year 2021G to financial year 2023G). Sales amounted to (108) million Saudi Riyals, (103) million Saudi Riyals and (109) million Saudi Riyals for the years 2021G, 2022G and 2023G, respectively, while sales amounted to (62) million Saudi Riyals for the six-month period ending on June 30, 2023G compared to (53) million Saudi Riyals for the six-month period ending on June 30, 2024G. Thus, the Company's sales declined by (5.3%) between 2021G and 2022G, compared to an increase of (6.5%) between 2022G and 2023G and a decrease of (14.3%) between the six months ending on June 30, 2023G and June 30, 2024G.

2. The quantities sold for the current product portfolio reached the highest possible level in 2023G (from 541,000 units sold in 2021G to 625,000 units sold in 2023G, and 305,000 units sold during the first half of 2024G), which requires greater capital investments from the Company to be able to achieve a greater level of sales, whether through the expansion of the existing product portfolio or the launch of a new product portfolio.
3. The average selling price per unit of the Company's products decreased from (200) Saudi Riyals during the financial year 2021G to (167) Saudi Riyals during the financial year 2022G, a decrease of (17%), then increased during the financial year 2022G to (175) Saudi Riyals, an increase of (5%), while it decreased during the first half of 2024G by a decrease of (2%). Sponge mattresses had an impact on the decrease in the average selling price during the financial period ending on June 30, 2024G, and sponge products had an impact on the decline during the financial years 2022G, 2023G and the first half of 2024G, where the sales of spring and sponge mattresses accounted for (51%) and (33%) of the company's total sales during the financial year 2021G with an average selling price of (577) and (305) Saudi Riyals per unit, respectively. In the financial year 2022G, it constituted (58%) and (20%) of the total sales, with an average selling price of (592) and (253) Saudi Riyals per unit, respectively. In the financial year 2023G, it accounted for (55%) and (21%) of the total sales with an average selling price of (623) and (174) Saudi Riyals per unit, respectively. It constituted (54%) and (27%) of the total sales during the financial period ended June 30, 2024G with an average selling price of (561) Saudi Riyals and (173) Saudi Riyals per unit, respectively.
4. Increase in the discounts granted, which constituted (19%) of the total sales during the period from the financial year 2021G to the financial year 2022G compared to (26%) in the first half of 2024G and the tendency of customers to buy lower-priced products.

It is worth mentioning that there is no guarantee of any positive impact on cash flows through capital investments to expand the existing product portfolio or launch a new product portfolio for Global Marketing Company for Sleeping System Limited, in addition to the possibility that it will not be able to continue financing the Group at the same pace due to the low average selling price of its products, which will negatively and materially affect the Group's business, financial position, results of operations, profitability and future prospectus.

2.1.6 Risks Related to the sales Channels of Global Marketing Company for Sleeping System Limited Due to Factors Related to the COVID-19 Pandemic

The COVID-19 pandemic has had an impact on the sales channels of Global Marketing Company for Sleeping System Limited, due to movement restrictions and government-imposed lockdowns, which have resulted in fundamental shifts in social behavior, including remote working and other quarantine measures, leading to a shift in consumer behavior from in-store shopping to e-commerce platforms, increasing the Group's exposure to regulatory risks associated with e-commerce, including data protection and privacy laws. The spread of the Covid-19 pandemic also resulted in a decrease in demand and operations in the hospitality sector, which negatively affected the Group's project sales, which are mainly related to the sale of mattresses to hotels in Makkah Al-Mukarramah and to groups of pilgrims. The Group's sales for the financial year ending December 31, 2020G, decreased by 14% compared to the financial year ending December 31, 2019G (for more information on the contribution of sales channels to the Group's total sales and gross profits and the number of the Group's showrooms, please refer to subparagraph (5.6.1.1) "Sales" of paragraph (5.6) "Results of operations for the financial years 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G" of Section (5) "Financial Information and Management Discussion and Analysis" of this Prospectus). Following these structural changes in sales channels, the contribution of e-commerce to total sales increased from (0.4%) in 2021G to approximately (5.8%) during 2023G and the end of the first half of 2024, while the contribution of traditional stores to total sales decreased from (42.3%) in 2021G to (31.9%) at the end of the first half of 2024G, as this decrease is due to reducing the number of traditional stores from (11) stores in 2021G to (7) stores at the end of the first half of 2024G. In addition, the contribution of Hajj and Umrah season sales increased from (5.8%) in 2021 to approximately (20%) during 2021G and the end of the first half of 2024G. It is worth noting that the structural change in sales channels may have a direct negative impact on the Group's profitability in the coming years, as (1): Reducing the number of traditional stores, which are the largest contributor to the Company's profitability with an average gross profit margin of (64%), may not contribute to improving the Group's financial position and profitability, despite the fact that e-commerce channels (the second largest contributor to the Company's profitability) achieve an average gross profit margin of nearly (60%), and (2): (2): The high percentage of project sales contribution to the group's total sales, which achieves low profit margins averaging (19%) due to selling products at lower prices compared to other sales channels.

It is worth noting that these changes in sales channels may affect the Group's operations, which may require investments in new or alternative sales channels, which will negatively and materially affect the Group's cash flows. Since there is no guarantee that this virus or any other disease or epidemic will not spread again, the Company cannot estimate the size of the losses resulting from this if it occurs. The Company does not guarantee that there will be no consequences in the future that will negatively and materially affect the Group's business, financial position, results of operations and future prospects.

2.1.7 Risks Related to the Development of the New Brand Identity for Sleep High

In The Group intends to develop the new brand identity of Sleep High sh. and make changes in terms of product diversity, display methods, sales approach, visual identity, packaging improvements and showroom designs. The Group has already started offering this new line in Egypt starting from the second quarter of 2024G, and it will be launched in Saudi Arabia starting from the second quarter of 2025G. The Group aims to allocate part of the proceeds of the offering, i.e. approximately 40 million Saudi Riyals, to open Sleep High's new identity stores (whether retail or online stores) and provide liquidity to cover the capital needs required for operation, including inventory. (For further details on the proceeds of the Offering and the plan to use them in developing the new identity of Sleep High, please refer to the paragraph (6.2.2) "Launch of New Identity Stores for "Sleep High" (sh.)" of Section (6) "Use of Offer Proceeds" of this Prospectus.)

It is worth noting that there is no guarantee of achieving positive returns from the new brand identity stores, as it is possible to be exposed to challenges that negatively affect the financial performance of the group and its future results, especially in light of the decrease in the percentage of revenues of the stores of Global Marketing Company for Sleeping System Limited and the revenues of retail distributors during the period from the financial year 2021G to the end of the first half of 2024G, as store revenues decreased from (15.5) million Saudi Riyals during the financial year 2021 to (14.1) million Saudi Riyals during the financial year 2022G with a decrease of (9.4%), then increased by (0.6%) to (14.2) million Saudi Riyals during the financial year 2023G, and decreased from (6.9) million Saudi Riyals during the financial period ending on June 30, 2023G to (5.6) million Saudi Riyals during the financial period ending on June 30, 2024G, with a decrease of (18.8%), while the revenues of retail distributors decreased from (30.3) million Saudi Riyals during the financial year 2021G to (28.7) million Saudi Riyals. During the financial year 2022G, it reached (23.6) million Saudi Riyals, a decrease of (5.3%) and (17.7%) respectively, while it increased from (10.9) million Saudi Riyals during the financial period ending on June 30, 2023G to (11.4) million Saudi Riyals during the financial period ending on June 30, 2024G, with an increase of (5.1%). In addition to the decrease in the number of self-managed stores from (11) to (7) during the period from the financial year 2021G to the end of the first half of 2024G, the shift in consumer behavior that moved towards e-commerce platforms instead of traditional stores after the Covid-19 pandemic, and the capital costs associated with Sleep High stores estimated at (2.5) million Saudi Riyals per store. If the development of the new brand does not achieve the desired results, it will have a negative and material impact on the Group's overall business, financial position and future prospectus.

2.1.8 Risks Related to the Decline in Sales of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) and the Fluctuations in Gross Profit Margin Due to the Depreciation and Flotation of the Egyptian pound

The revenues of the subsidiary company in the Arab Republic of Egypt, the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High), represented the second largest value contribution to the total revenues of the Group, as it constituted about (20%) of the total revenues during the financial year ending on December 31, 2021G, with a value of (34.3) million Saudi Riyals, and the financial year ending on December 31, 2022G, with a value of (31.6) million Saudi Riyals, and decreased to about (13%) during the financial year ending on December 31, 2023G, with a value of (20.4) million Saudi Riyals, while its revenues constituted a value of (9.3) million Saudi Riyals during the financial period ending on June 30, 2024G, representing (13%) of the total revenues of the Group (For more details on the financial performance of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High), please refer to paragraph (5.7.2) "*Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)*" of paragraph (5.7) "*Material Subsidiaries*" in section (5) "*Financial Information and Management Discussion and Analysis*" of this Prospectus).

In light of the crisis facing the Egyptian market in the availability of foreign currencies in banks, as the value of the Egyptian pound fell by almost half between financial year 2022G and financial year 2023G, which led to an increase in the costs of importing raw materials (as inflation peaked at 38% in September 2023G) and a gap between the dollar exchange rate in banks and its price in the parallel market, the gross profit margin decreased at the end of the first half of 2024G to (1.5%) compared to (41.8%) for the same period. This is due to the increase in the cost of raw materials in the local market as a result of fluctuations in the local currency and the floating of the exchange rate that occurred in the first quarter of 2024G, as the value of the Egyptian pound fell in the second quarter of 2024G by (35.7%) against the Saudi Riyal (compared to 2% during the second quarter of 2023G), and due to the increase in discounts as a percentage of total revenues from (21%) in financial year 2023G to (30.5%) at the end of the first half From the year 2024G.

A total loss of (740) thousand Saudi Riyals was recorded in the second quarter of 2024G, which is the first total loss on a quarterly level. The Group also faced challenges in raising prices as a result of the decline in consumers' purchasing power. In addition, the group imposed an internal quota on the quantities sold due to the lack of guarantee of foreign currency provision and thus the difficulty of controlling the cost of the currency of purchasing raw materials (the dollar) against the selling currency (the Egyptian pound), which affects the cost of raw materials.

It is worth noting that there is no guarantee that any measures taken by management to mitigate these challenges, especially the lack of clarity in the cost of raw materials, will positively affect the financial performance of the group in the future, including higher profitability and lower costs, which will negatively affect the group's expectations and future results.

2.1.9 Risks related to the Lack of Supply Agreements with Saudi Basic Industries Corporation (SABIC) as the main supplier of Raw Materials

The main raw materials used by Global Marketing Company for Sleeping System Limited and Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) include: TDI – Polyvol Conventional – MDI (Polumer) – Polyester – Iron Wire – Filling – and Wood, which are mainly supplied by Saudi Basic Industries Corporation (SABIC) as the main supplier of raw materials. There is no supply agreement concluded with SABIC as they are purchased through purchase orders only, as orders are determined based on a pre-arranged monthly schedule shared with SABIC, and the prices of some chemicals are determined according to spot prices during the month, while the prices of other chemicals are fixed for the month. Chemical prices are indirectly affected by global oil prices, which will affect the Group's profitability.

The value of transactions with SABIC amounted to (58.0) million Saudi Riyals, representing 12.6% of the Group's total purchases during the financial year 2021G, (61.3) million Saudi Riyals, representing 40.5% of the Group's total purchases during the financial year 2022G, (60.4) million Saudi Riyals, representing 29.3% of the Group's total purchases during the financial year 2023G, and (36.5) million Saudi Riyals, representing 35.4% of the Group's total purchases during the financial period ending June 30, 2024G.

Although the main supplier accounts for a quarter of the Group's purchases (in SAR terms), the Group's heavy reliance on such materials poses a commercial risk, and if the main supplier is unable to provide sufficient quantities on time due to shortages or interruptions in its supplies, the Group may face significant challenges in meeting orders. Diversifying the supplier base for key raw materials and/or developing

a contingency plan to provide alternative suppliers to mitigate the risk of operational disruption may pose significant challenges, increasing the risk of operational disruption. Accordingly, there is no guarantee that the Group will be able to meet the challenges associated with any potential supply disruption or fluctuations in raw material prices, which will adversely affect its operations and profitability in the future, given that it operates primarily on a “production to order” model, which will have a material adverse effect on its earnings and financial position.

2.1.10 Risks Related to the Group's Exposure to Foreign Currency Fluctuations and Unrealized Losses

The Group is exposed to the risk of foreign currency fluctuations against the Saudi Riyal and the US Dollar, taking into account that the Group's average sales in the Egyptian market represent (17.6%) of the Group's total sales during the financial years ending December 31, 2021G, 2022G, 2023G and the six-month period ending June 30, 2024G. The Group does not have a formal hedging strategy to reduce currency risks and foreign exchange rate fluctuations, due to the unavailability of this service by Egyptian banks. In light of the devaluation of the Egyptian pound and its flotation and its impact during the quarter ending June 30, 2024G, where it declined by an average of (35.7%) against the Saudi Riyal, the Group was negatively affected by this decline, which led to recording a net unrealized loss is amounted to (148.5) million Saudi Riyals, (169.9) million Saudi Riyals (34.3) million Saudi Riyals, and (43.9) million Saudi Riyals as of the financial years ending December 31, 2021G, 2022G, 2023G, and as of the period ending June 30, 2024G, respectively, current liabilities exceeded current assets by (16.5) million Saudi Riyals as of December 31, 2023G, and (23.8) million Saudi Riyals as of June 30, 2024G.

Consequently, these currency fluctuations have historically affected the Group's profitability, as gains and losses resulting from currency differences are included in the consolidated income statement. The Group recorded losses from foreign exchange differences amounting to (3.1) million Saudi Riyals, (2.7) million Saudi Riyals and (1.6) million Saudi Riyals during the period extending from the financial year 2022G to the end of the first half of 2024G respectively, While it recorded gains of (0.05) million Saudi Riyals as of December 31, 2021G. (for more information on foreign exchange fluctuations and unrealized losses, please refer to subparagraph (5.6.1.7) “**Other income**” of paragraph (5.6) “**Results of operations for the financial years 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G**” of Section (5) “**Financial Information and Management Discussion and Analysis**” of this Prospectus). There is no guarantee that the Group will be able to face future risks associated with currency fluctuations. In addition, the Group may incur additional losses as a result of these fluctuations, which will lead to further negative impacts on the Group's financial performance and profitability in the future, which also increases uncertainty about Achieving its financial and profitability goals.

2.1.11 Risks related to Employee Costs

Employee costs constituted the second largest portion of operating costs after consumables and spare parts, accounting for approximately (30%) of the Group's total costs during the financial years ended December 31, 2021G, 2022G, 2023G and the six months ended June 30, 2024G. Employee costs mainly relate to operational employees, accounting for approximately (45%) of total employee costs during the same period, while management employees (including SIDC's Head Office employees) accounted for approximately (37%), and sales and distribution employees accounted for approximately (18%). Employee costs increased with a compound annual growth rate of (6%), from (47.7) million Saudi Riyals in the financial year ended December 31, 2021G to (53.6) million Saudi Riyals in the financial year ended December 31, 2023G. The increase in operating costs (+4.2 million Saudi Riyals) mainly led to this increase in employee costs, in addition to the increase in the average monthly cost per employee from (2.6) thousand Saudi Riyals in the financial year 2021G to approximately (3.7) thousand Saudi Riyals during the period extending from the financial year ending on December 31, 2021G until the first half of 2024G. Employee costs continued to rise, with the estimated annual cost for the financial year 2024G amounting to approximately (51.5) million Saudi Riyals. If employee costs continue to rise at the annual growth rate, this will lead to an increase in operating costs, especially since the group's profitability depends largely on the management's ability to achieve sufficient sales to absorb the cost structure, given that employee costs are mostly fixed costs in nature. Therefore, if the Company is unable to take the necessary measures to reduce the number of employees and initiate a restructuring of employees by management while taking into account the efficiency criterion to reach a more stable structure, this will have a negative and material impact on its business, results of operations, financial position and future prospects.

2.1.12 Risks related to high depreciation of assets

The fixed assets balance amounted to (83.8) million Saudi Riyals as of December 31, 2021G, and no impairment was recorded during the year. The fixed assets balance amounted to (69.0) million Saudi Riyals as of December 31, 2022G, recording a decline in value during the year of (3.1) million Saudi Riyals, representing (3.7%) of the fixed assets as of December 31, 2021G. The fixed assets balance amounted to (44.4) million as of December 31, 2023G, recording a decline in value during the year of (16.4) million Saudi Riyals, representing (23.7%) of the fixed assets as of December 31, 2022G. The fixed assets balance amounted to (40.9) million Saudi Riyals as of June 30, 2024G, and no impairment was recorded during the period. (For further details regarding the Company's fixed assets, please refer to sub-paragraph “Non-Current Assets” of paragraph (5.6.2) “**Consolidated Statement of Financial Position**” of paragraph (5.6) “**Results of operations for the financial years 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G**” of Section (5) “**Financial Information and Management Discussion and Analysis**” of this Prospectus).

The fixed assets as of June 30, 2024G, consist of the following: Lands worth (17.1) million Saudi Riyals related to (4) plots of land (a plot of land located in Al-Khamra district in Jeddah worth approximately (16.3) million Saudi Riyals and (3) plots of land in 6th of October City in Cairo in the Arab Republic of Egypt worth approximately (800) thousand Saudi Riyals, transport trucks worth (11.6) million Saudi Riyals related to (90) cars, including (86) cars registered in the name of Emmdad Logistic Services Company and (4) cars registered in the name of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High), and machinery and equipment worth (11.1) million Saudi Riyals related to (8) production lines and other equipment used in manufacturing facilities. The net book value of the assets of the Global Marketing Company for Sleeping System Limited to Finance constituted a percentage of (72%) of the total net book value of the Group's assets as of June 30, 2024G.

The fixed assets balance decreased From (83.3) million Saudi Riyals as of December 31, 2021G to (40.9) million Saudi Riyals as of June 30, 2024G, due to the small capital investments of (11.5) million Saudi Riyals during the financial years ending December 31, 2021G, 2022G, 2023G and the six-month period ending June 30, 2024G, which did not cover the annual depreciation value, in addition to the writing off of some assets worth (19.5) million Saudi Riyals recorded in 2023G related to the group's branch (SIDC Ceramic Factory "CASAVIA" "Casavia"). While the asset depreciation rate reached (77.8%), (80.5%), (82.7%) and (88.5%) as of December 31, 2021G, 2022G and 2023G and as of June 30, 2024G, respectively, as some assets were fully depreciated. (For more details about the Company's fixed assets, please refer to the subparagraph "Non-current assets" of paragraph (5.6.2) "Consolidated Statement of Financial Position" of paragraph (5.6) "Results of operations for the financial years 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G" of Section (5) "Financial Information and Management Discussion and Analysis" of this Prospectus).

The high rate of depreciation of assets is an indication of the possibility that the Group will incur capital expenditures to maintain and operate these machines and equipment, in addition to its need to conduct a continuous technical assessment of the efficiency of the fixed assets planned for operation and maintenance and to maintain the targeted production capacity levels. In the event that the Group is unable to replace or renew old machines and equipment, the Group's production capacity may not be able to meet customer demands on time, which will negatively affect the Group's ability to maintain or increase its sales and revenues, which will negatively affect its business, financial position, results of operations and future prospects.

2.1.13 Risks Related to Insufficient Insurance Coverage

The Company and its subsidiaries maintain (15) insurance policies to cover risks to vehicles, goods and fires and provide the necessary health insurance coverage for its employees (for more information, please refer to paragraph (9.9) "Insurance" of Section (9) "Legal Information" of this prospectus).

The insurance contracts concluded include deductible amounts and factors excluded from insurance coverage, in addition to other restrictions related to insurance coverage that are negotiated with insurance companies. The ability of the Company and its subsidiaries to obtain the compensation due to them from the relevant insurance company depends on their financial solvency and ability to meet the value of this compensation. Therefore, the insurance may not cover all losses incurred by the Group and no guarantee is given that the Group will not incur losses exceeding the limits of the insurance policies or outside the scope of coverage contained in these policies. Cases may arise in which the value of the claim exceeds the value of the insurance held by the Group or the claim and compensation period may be prolonged.

It is worth noting that as of the date of this Prospectus, the insurance coverage for property and production lines is only applicable to the subsidiary company "Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)". As of the date of this prospectus, given the difficulty of obtaining insurance policies for its industries, which are considered dangerous due to the presence of flammable materials, and the reluctance of some insurance companies in the Kingdom of Saudi Arabia to issue the necessary insurance policies to cover property due to the nature of the company's activities, which places it before additional challenges to protect its assets and continue its business, the Company and its branch SIDC Ceramic Factory "CASAVIA" and the subsidiary company "Global Marketing Company for Sleeping System Limited" have not concluded any policy against all risks or personal accidents stipulated in the lease contracts concluded with the Royal Commission for Jubail and Yanbu and the Saudi Authority for Industrial Cities and Technology Zones (MODON), failure to complete the insurance documents required under the lease agreement with the Royal Commission for Jubail and Yanbu may result in the Company being deemed in breach of the terms of the agreement, which constitutes a cause for default that authorizes the Royal Commission for Jubail and Yanbu to terminate the agreement, failure to complete the insurance documents required under the lease agreements with MODON also gives the company the right to terminate them. Additionally, the subsidiary, Emmdad Logistic Company, has not concluded any policy to cover its properties all risks, which may lead to it being considered in an event of default according to the financing agreement concluded with the Social Development Bank. This could result in the bank having the right to stop disbursing funds and demanding that Emmdad Logistic Services Company repay what has already been disbursed.

The Group's inability to renew the aforementioned insurance policies or conclude other basic insurance policies will result in the lack of adequate insurance coverage for an accident, and therefore the Group may lose the capital invested in any of these properties that were damaged or destroyed and may also lose the expected future revenues from them, which will negatively affect the Group's business, future prospects, results of operations and financial position.

2.1.14 Risks related to Financing Agreements

The subsidiaries (Global Marketing Company for Sleeping System Limited, Emmdad Logistic Services Company, Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)) have entered into financing agreements (for more details, please refer to subparagraph (9.7.5) "Credit Facilities and Loan Contracts" of paragraph (9.7) "Summary of Key Contracts" of Section (9) "Legal Information".

Agreements concluded by Global Marketing Company for Sleeping System Limited:

- Murabaha sale agreement for the purchase and sale of securities with Derayah Finance Company (Derayah) dated 05/08/1443H (corresponding to 08/03/2022G) with a credit limit of (20) million Saudi Riyals and an annual interest rate of (6.25%) The full amount of the facilities amounting to (20) million Saudi Riyals was used and the full amount used was paid in April 2023G. Note that in order to ensure these facilities, a promissory note was issued by the Company in favor of Derayah. The subsidiary also agreed to mortgage all assets available in all its existing portfolios with Derayah in favor of Derayah as collateral for the facilities granted, provided that they are not disposed of by sale, mortgage or deposit for any other purpose without obtaining Derayah's prior approval as long as such facilities remain due or valid. The subsidiary also acknowledged that Derayah has a lien over these assets as collateral for amounts due.

- Margin Trading Agreement with Derayah dated 26/09/1444H (corresponding to 17/04/2023G) with a total value of (21.5) million Saudi Riyals at an annual interest rate of (9%) to be paid in monthly payments, and the proceeds were used to repay the above-mentioned financing and deposit the rest in the Group's cash account, which is used to finance working capital. Under this agreement, all assets available in all the company's portfolios held by Derayah were mortgaged as collateral for the facilities granted, in addition to the issuance of a bond of order by the company in favor of Derayah, as at 30 June 2024G, the value of the amounts used amounted to (21.5) million Saudi Riyals, in the third quarter of 2024G, the Company paid (5) million Saudi Riyals of the value of those facilities, and thus the balance of the facilities amounted to (16.5) million Saudi Riyals as of December 31, 2024G. Noting that the due date of payment is not specified and the subsidiary has the right to pay it at any time it deems appropriate, based on the signed agreement, there is no specific date for the expiration of the agreement, as it is effective from the date of its conclusion (April 17, 2023G), and either party may terminate this agreement upon written notice of (5) days, given that the subscription fees are due monthly.
- Agreement to regulate the issuance of debt instruments with the Financial Sukuk Company dated 08/03/1446H (corresponding to 11/09/2024G) with the aim of establishing a program for issuing Murabaha debt instruments compatible with the provisions and principles of Islamic Sharia within the limits of (10) million Saudi Riyals. As at the date of this prospectus, the subsidiary has received (10) million of the total programs under Murabaha contracts of (1) million Saudi Riyals at an interest rate of (15%) provided that the principal in addition to interest is paid on a monthly basis for a period of (24) months, knowing that the first Murabaha installment is due on October 22, 2024G. In return for these facilities, the subsidiary made the following undertakings:
 - Not to authorize any other party or entity to undertake the issuance of the debt instruments concerned and specified in this Agreement;
 - The Affiliate shall not be entitled to any other credit facilities without prior notice to the Financial Instruments.

Note that as a guarantee for these facilities, a promissory note was issued by the company in favor of Sukuk Capital Company, and the parent company (Saudi Industrial Development Company (SIDC)) issued a promissory note in favor of Sukuk Capital Company as a guarantor for its subsidiary. A member of the Board of Directors (E. ng Bandar Abdullah Ibrahim Alhomaiddhi) also issued a promissory note in favor of Sukuk Capital Company as a guarantor for the subsidiary.

Agreements concluded by Emmdad Logistic Services Company:

- Ofoq Financing Agreement with the Social Development Bank dated 17/11/1446H (corresponding to 15/05/2025G) with a total amount of (10) million Saudi Riyals. The repayment period is five (5) calendar years starting from the date of receiving the first installment, including a six (6) month grace period and a fifty-four (54) month repayment period. As of 18/06/2025G, the subsidiary company has received the full financing amount.

Under this agreement, Emmdad logistic Services Company has made the following undertakings:

- To use the financing amount for capital expansions and increasing production capacity,
- Not to withdraw fifty percent (50%) of net profits throughout the financing period, and
- To ensure that its obligations to the Social Development Bank at any time take precedence in fulfillment over all its other obligations.

It is worth noting that, as a guarantee for this financing, a promissory note was issued by the company in favor of the Social Development Bank. Furthermore, an acknowledgement of performance and indemnity guarantee (individuals) was provided by both Mr. Ibrahim bin Abdullah bin Ibrahim Alhomaiddhi and Mr. Ahmed bin Ibrahim bin Abdullah bin Abdulrahman Alkanhal; and an acknowledgement of performance and indemnity guarantee (companies) was provided by both Global Marketing Company for Sleeping System Limited and Road Storm Trading & Contracting Company. It should be noted that, pursuant to this agreement, Emmdad Logisite Services Company is required to maintain all-risk insurance coverage on its properties for the duration of the agreement. As of the date of this Prospectus, this obligation has not been fulfilled, which may result in the company being considered in breach of the agreement, potentially leading the bank to take measures such as suspending further disbursements and demanding full repayment of the amounts already disbursed to Emmdad Logisite Services Company.

- Sukuk Issuance Arrangement Agreement with Dinar Investment Company dated 28/11/1446H (corresponding to 26/05/2025G). This is for the issuance of sukuk under a program with a total amount of ten (10) million Saudi Riyals, provided that the total nominal value of outstanding issuances within one year does not exceed (10) million Saudi Riyals. As of 18/06/2025G, sukuk in the amount of (4) million Saudi Riyals have been issued. Under this agreement, Emmdad Logistic Services Company has acknowledged that the performance of its financial obligations arising from the sukuk issuance will be a direct obligation on it, and will rank pari passu with its current and future obligations not subject to this issuance at all times, except for obligations that may be preferred or prioritized under the provisions of any applicable law in the Kingdom.

Furthermore, Emmdad Logisite Services Company, Global Marketing Company for Sleeping System Limited and Road Storm Trading & Contracting Company have submitted promissory notes to Dinar Investment Company (3 notes in total) issued on 28/11/1446H (corresponding to 26/05/2025G), each valued at four million eight hundred forty thousand (4,840,000) Saudi Riyals. A guarantee agreement was also concluded with a corporate entity, where the beneficiary of the guarantee is Dinar Investment Company, the guaranteed entity is Emmdad Logistic Services Company, and the guarantors are Global Marketing Company for Sleeping System Limited and Road Storm Trading & Contracting Company.

Agreements concluded by Arabian Spring & Foam Mattresses Mfg. Company Ltd:

Short-term credit facilities agreement with the Commercial International Bank (in the Arab Republic of Egypt) on 15/01/1446H (corresponding to 21/07/2024G) in the amount of (10) million Egyptian pounds (equivalent to (753,634) Saudi Riyals), to be paid after (90) days from the date of use of facilities for shipping goods from the supplier.

Under this agreement, the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) has made the following commitments:

1. Not to assign, borrow, or obtain any credit facilities secured by any export invoices, documents supporting collection fees, export contracts, and/or export supply orders—assigned to the Bank—from and/or to any bank, financial institution, and/or any other party.
2. Not to assign and/or pledge its financial receivables arising from contracts, purchase orders, assignment orders, and/or invoices financed under the financing contract to any party other than the Bank.
3. Providing the bank with an original copy of the insurance policy issued by an insurance company acceptable to the bank, indicating that the fixed assets and/or inventory are insured under the financing contract against all risks, equivalent to (110%) of the total financing amount, and assigned to the bank. These policies must also include the risk of riots and civil labor strikes, amounting to no less than (25%) of the insurance amount, in addition to the replacement value of the fixed assets.

Note that, as a guarantee for these facilities, a promissory note has been issued by the company in favor of the Commercial International Bank.

It is worth noting that the Group's credit facilities amounted to (4.0) million Saudi Riyals, (25.2) million Saudi Riyals, (22.1) million Saudi Riyals, and (21.4) million Saudi Riyals as of December 31, 2021G, 2022G, 2023G, and June 30, 2024G, respectively. Financing costs amounted to (0.4) million Saudi Riyals, (0.9) million Saudi Riyals, (1.6) million Saudi Riyals, and (1) million Saudi Riyals during the financial years ending December 31, 2021G, 2022G, 2023G, and the financial period ending June 30, 2024G, respectively.

The subsidiaries are required to abide by the terms and conditions imposed on them, and they are required to provide the necessary guarantees as indicated above. If any subsidiary is unable to fulfill its repayment obligations under the credit facility agreements, or is unable to provide any other guarantees that the financing party may request, or in the future breaches any of the obligations or undertakings related to the debts owed by it, the financing party may consider it in a state of breach that gives it the right to take action against the subsidiary without referring to it and take any measures that the financing party deems necessary in its discretion to comply with the relevant laws and regulations. The financing party may also request immediate repayment of the debts and collection of the guarantees provided by the subsidiary. In this case, the subsidiary may not be able to obtain sufficient alternative sources of financing to meet the repayment of the debts, which will have a material adverse effect on the Group's business in general, its financial position and future prospects.

2.1.15 Risks Related to the Increase in the Cost of Financing and its Impact on the Group's Net Profit Margin

The Group recorded financing expenses related to a Murabaha sale agreement to buy and sell securities with Derayah Financial Company at an annual rate of (9%), which increased from (398) thousand Saudi Riyals in 2021G to (1.6) million Saudi Riyals in 2023G and amounted to (1.0) million Saudi Riyals at the end of the first half of 2024G (i.e. 2.0 million Saudi Riyals by the end of 2024G) (for more information, please refer to subparagraph (9.7.5) "*Credit Facilities and Loan Contracts*" of paragraph (9.7) "*Summary of Key Contracts*" of Section (9) "*Legal Information*" of this Prospectus). The continued increase in financing expenses or the Company's inability to obtain financing at a more competitive profit or interest rate will have a material adverse effect on its business, results of operations, financial position and future prospects.

2.1.16 Risks related to the use of the net proceeds from the offering

On 19/11/1445H (corresponding to 27/05/2024G), the Group's Board of Directors recommended a capital increase of (165) million Saudi Riyals through the issuance of (16.5) million Rights Issues, and the net proceeds of the subscription amounting to (159) million Saudi Riyals, after deducting all the costs of the offering, will be used to finance working capital, launch new identity stores for "Sleep High" (sh.), repay some credit facilities, automate production lines and implement a corporate resource planning (ERP) system (for more information on the proceeds of the offering and the plan Use them, please refer to Section (6) "*Use of Offer Proceeds*" of this Prospectus).

The Company's inability to achieve the expected results from the use of the proceeds of the offering or its inability to achieve the expected returns from such uses will adversely and materially affect the Group's future financial results and financial position.

It should also be noted that there is no guarantee that the proceeds from the use of these proceeds will have a positive impact on the company's results and business as a result of the following factors: (1) the economic situation in the Arab Republic of Egypt, which is a key market for the Group, (2) the delay in imposing dumping penalties related to the work of the total branch (ceramic factory), and (3) the time period to obtain the positive impact from the development of the new brand identity of Sleep High (sh.) against the consistent performance of existing products. Any negative use of the net proceeds of the offering will have a material impact on the Group's financial results and position.

2.1.17 Risks related to the impairment of goodwill recorded in the financial year 2023G

Goodwill represents the excess of the cost of investment of Global Marketing Company for Sleeping Systsem Limited over the fair value of its net assets at the time of the merger. Goodwill is tested annually, based on the “value in use” calculation, to determine whether it has suffered an impairment in value. These calculations are based on cash flow projections based on the estimated operating results of the cash generating units. As of 31 December 2023G, the Group’s management has reviewed the recoverable amount of goodwill, and the cash flows determined using the approved business plan discounted for five years at a discount rate of (13%) - (14%). Based on a study conducted by an external party, a decrease in the value of goodwill of (30) million Saudi Riyals (zero in previous periods) was identified and recorded in the consolidated income statement, which contributed to increasing the Group’s losses during that period, and as a result, the goodwill balance decreased to (32.4) million Saudi Riyals on December 31, 2023G (compared to 62.4 million Saudi Riyals on December 31, 2022G). While this decrease is considered non-cash, the Group must take the necessary steps to consider the cash flow forecasts prepared internally to avoid further decreases, which will lead to an increase in accumulated losses and thus negatively impact the Group’s operations and future prospects.

2.1.18 Risks related to subscription surplus

The Group has a surplus subscription balance of (6.4) million Saudi Riyals as of June 30, 2024G, which results from the surplus subscription balance of subscribers to the Company’s shares at the initial public offering (at the date of subscription) who did not apply to the receiving banks to receive this surplus after completing the allocation of shares since 1992G. This amount is still recorded as a liability on the Group in its financial statements, and despite the Company’s attempt to return this surplus, it did not succeed in doing so due to the lack of a database of shareholders who own this surplus and the difficulty of identifying them on the part of the receiving banks’ administrations and their inability to limit the beneficiaries of this surplus. It cannot be guaranteed that subscribers will not claim this surplus at any time in the future. In the event that this happens, and the Company is unable to fulfill this obligation, this will negatively affect the Group’s financial position, increase its financial burdens and thus affect its financial performance in the future.

2.1.19 Risks Related to Zakat and Tax differences and Potential Zakat Obligations

The Group have committed to submitting its Unified Zakat Declaration for the financial year ending on December 31, 2024G, and have obtained the Zakat certificate from the Zakat, Tax and Customs Authority No. (1116014671) dated 02/11/1446H (corresponding to 30/04/2025G). It is worth noting that starting from 2015, the Saudi Industrial Development Company (SIDC) has submitted consolidated financial statements and a consolidated Zakat return for it and its subsidiaries, with the exception of Emmdad Logistic Services Company, which submits its Zakat return separately from the Group.

It is worth noting that the Zakat paid amounted to (4.5) million Saudi Riyals as of December 31, 2021G and (1.2) million Saudi Riyals as of December 31, 2022G, compared to (607) thousand Saudi Riyals as of December 31, 2023G and (451) thousand Saudi Riyals as of June 30, 2024G. The Group recorded a provision for Zakat in the consolidated financial statements of income during the financial years ending December 31, 2021G, 2022G, 2023G and the six-month period ending June 30, 2024G amounted to (2.1) million Saudi Riyals, (0.5) million Saudi Riyals, (0.7) million Saudi Riyals and (0.2) million Saudi Riyals, respectively.

Starting from financial year 2024G, the auditors began calculating income tax related to Sleep High Egypt with Zakat (which was previously combined with deferred tax). Deferred tax and income tax totaled (1.2) million Saudi Riyals, (1.1) million Saudi Riyals, and (1.4) million Saudi Riyals, respectively, during the financial years 2021G ending December 31, 2021G, 2022G, and 2023G. No provision for deferred tax was recorded for the six-month period ending June 30, 2024G, due to losses recorded during the period, with no provisions required, according to the Zakat and Tax Consultant. The following is a statement of the zakat and tax status of the Company and its subsidiaries as of the date of this prospectus:

Saudi Industrial Development Company (SIDC)

In 2018G:

The Company finalized its Zakat status by the end of financial year 2018G after settling and paying all its financial obligations to the Zakat, Tax, and Customs Authority (the Authority), according to the account statement issued by the Authority.

In 2019G to 2020G:

The Company submitted its consolidated Zakat return for 2019G and 2020G in accordance with its consolidated financial statements and obtained the Zakat certificate. - - The Company issued a preliminary draft assessment for the years 2019G and 2020G in the amount of (3,136,912.51) Saudi Riyals. The draft assessment was objected to, and the objection was successful in the amount of (2,641,516.16) Saudi Riyals. Amendment letters were issued on 01/11/2021G in the amount of (495,396.35) Saudi Riyals. The full discrepancies were objected to, and (25%) of the Zakat on the objected items, amounting to (123,849.09) Saudi Riyals, was paid. A decision was issued to partially accept the objection in the amount of (23,368) Saudi Riyals, bringing the objected amount to (472,028.35) Saudi Riyals.

The objection was escalated to the General Secretariat of the Tax Committees with case number (113861-2022-Z) for the year 2019G and with case number (113863-2022-Z) for the year 2020G, and the case was suspended in order to submit a settlement for the above years to the Zakat and Tax Disputes Settlement Committee, and the request was received with reference number 20811 and dated 10/10/2022G and the

settlement request was rejected, and on 10/01/2023G a session was held at the General Secretariat of the Zakat, Tax and Customs Committees and the objection was rejected, and the decision was issued by the General Secretariat and the committee supported the Authority's decision, the objection was escalated to the Appeal Committee with case numbers (193987-2023-Z) and (193989-2023-Z) and the Appeal Committee's decision was issued to reject the objection, and thus the decision becomes Final Appeals Committee.

- The Company recorded a Zakat provision for all disputed Zakat differences.
- The Company finalized its Zakat status for 2019G and 2020G and paid its Zakat dues.

In 2021G:

- The Company submitted its financial statements and consolidated Zakat declaration for 2021G and obtained Zakat certificate number (1110534187) dated 24/11/1442H.
- A request for additional information was issued for 2021G with reference number (26000468776) dated 22/06/2023G to complete the study of the consolidated Zakat declaration.
- The Company issued a preliminary assessment for 2021G in the amount of (1,965,719.42) Saudi Riyals. The assessment is still under discussion with the Authority, and the Zakat assessment has not been issued to date.

In 2022:

- The Company submitted its financial statements and consolidated zakat declaration for 2022G and obtained Zakat certificate number (1110215139) dated 24/11/1444H.
- A request for additional information for 2022G was issued with reference number (26000628462) dated 07/08/2023G to complete the study of the consolidated Zakat declaration.
- The Company issued a preliminary assessment for 2022G in the amount of (1,456,841.20) Saudi Riyals. The assessment is still under discussion with the Authority, and the Zakat assessment has not been issued to date.

In 2023G:

- The Company submitted its consolidated financial statements and Zakat declaration for 2023 and received Zakat certificate number (1112028765) dated 26/10/1445H.
- A request for additional information for 2023G was issued with reference number (26000755966) dated 02/06/2024G to complete the study of the consolidated Zakat declaration. The request is still under discussion with the Authority.

In 2024G:

- The Company submitted its consolidated financial statements and Zakat declaration for 2024G and received Zakat certificate number (1116014671) dated 02/11/1446H.

Value Added Tax:

- The Company finalized its tax status by the end of financial year 2023G after settling and paying all its financial obligations to the Authority, according to the results of the audit study issued by the Zakat, Tax, and Customs Authority.
- The Company is regularly filing its monthly value-added tax returns and paying the tax due based on those returns.

Withholding Tax:

- The Company finalized its tax status by the end of financial year 2022G after settling and paying all its financial obligations to the Authority, according to the account statement issued by the Zakat, Tax, and Customs Authority.
- The Company is filing regularly its monthly withholding tax returns, if any, and paying the tax due based on those returns.

Global Marketing Company for Sleeping System Limited

In 2008G:

- The company finalized its zakat status by the end of financial year 2008G after settling and paying all its financial obligations to ZATCA, according to the account statement issued by ZATCA.

From 2009 to 2011:

- Zakat assessments were issued for the company for the years 2009G to 2011G in the amount of (2,896,078) Saudi Riyals. An objection was filed against these assessments, and ZATCA issued amended Zakat assessments with total Zakat differences amounting to (2,785,989.35) Saudi Riyals, a decrease of (110,088.65) Saudi Riyals compared to its previous assessment. The company filed its

objection to these assessments with the General Secretariat of the Zakat, Tax, and Customs Committees under case number (98200-2022-Z). A hearing was held on January 2, 2023G, and the committee upheld ZATCA's decision. The objection was escalated to the Appeals Committee under case number (Z-2023-190917). The Appeals Committee rejected the objection, making the Appeals Committee's decision final.

- The company has created a Zakat provision for all disputed Zakat differences.
- The company submitted an installment plan for the dues from 2009G to 2011G on September 16, 2024G. The plan was accepted by ZATCA, which divided the amount into (7) equal installments. The Company is committed to paying the installments.

From 2012G to 2014G:

- The company submitted its Zakat return for the years 2012G to 2014G according to its separate statements and obtained Zakat certificates.
- ZATCA has not issued any preliminary or final assessments for the years 2012G to 2014G until the date of issuance of the 2024G financial statements.

From 2015G to 2022G:

- The company submitted consolidated financial statements and a consolidated Zakat return with its parent Company, the Saudi Industrial Development Company (SIDC).
- The company submitted its Zakat return (information declaration) for the years 2015G to 2022G, based on its standalone financial statements, and obtained Zakat certificates.

In 2023G:

- The company submitted its Zakat return (information declaration) for 2023G, based on its standalone financial statements, and obtained Zakat certificate number (1112165397), dated 10/23/1445H.

In 2024G:

- The company submitted its Zakat return (information declaration) for 2024G based on its standalone financial statements, and obtained Zakat certificate number (10116294581), dated 03/11/1446H.

Value Added Tax:

- The company finalized its tax status by the end of financial year 2020G after settling and paying all its financial obligations to ZATCA, according to the account statement issued by ZATCA.
- The company is regularly filing its monthly value-added tax returns and paying the tax due based on those returns.

Withholding Tax:

- The company finalized its tax status by the end of financial year 2023G after settling and paying all its financial obligations to ZATCA, according to the annual declaration issued by ZATCA.
- The company is filing regularly its monthly withholding tax returns, if any, and paying the tax due based on those returns.

SIDC Commercial Investment Company

In 2015G to 2023G:

- The company submitted consolidated financial statements and a consolidated Zakat declaration with its Parent Company, the Saudi Industrial Development Company (SIDC).
- The company submitted its Zakat return (information declaration) for the years 2015G to 2023G, based on its standalone financial statements, and obtained Zakat certificates.

In 2024G:

- The company submitted its Zakat return (information declaration) for 2024G, based on its standalone financial statements, and obtained Zakat certificate number (1036254140), dated 03/11/1446H.

SIDC Investment Projects Company

In 2015G to 2023G:

- The company submitted consolidated financial statements and a consolidated Zakat declaration with its Parent Company, the Saudi Industrial Development Company (SIDC).
- The company submitted its Zakat return (information declaration) for the years 2015G to 2023G, based on its standalone financial statements, and obtained Zakat certificates.

In 2024G:

- The company submitted its Zakat return (information declaration) for 2024G, based on its standalone financial statements, and obtained Zakat certificate number (1036256538), dated 03/11/1446H.

Emmdad Logistic Services Company Limited

In 2020G:

- The company finalized its Zakat status by the end of the 2020G financial year, after settling and paying all its financial obligations to ZATCA, according to the account statement issued by ZATCA.

In 2021G:

- The company finalized its Zakat status by the end of financial year 2021G, after settling and paying all its financial obligations to ZATCA, according to the account statement issued by ZATCA.

In 2022G:

- The company submitted its Zakat declaration for 2022G, paid the Zakat due on it, and obtained Zakat certificate number (1020265254) dated 21/12/1444H.

In 2023G:

- The company submitted its Zakat return for 2023G, paid the Zakat due according to this return, and obtained Zakat certificate number (1022261118) dated 29/10/1445H.

In 2024G:

- The company submitted its Zakat return for 2024G, paid the Zakat due according to this return, and obtained Zakat certificate number (1026304496) dated 08/11/1446H.

Value Added Tax:

- The company finalized its tax status by the end of the 2021G financial year after settling and paying all its financial obligations to ZATCA, according to the account statement issued by ZATCA.
- The company is consistent in filing quarterly value-added tax returns and paying the tax due based on these returns.

Arabian Spring & Foam Mattresses Mfg. Company Ltd. "Sleep High – Egypt"

Corporate Taxes

- According to the tax card, the commencement of business and the commencement of the tax exemption period begin on January 1, 2009G, and the exemption period is 10 years, ending on December 31, 2018G.
- The Company has been regularly filing tax returns for the years 2008G to 2022G on the specified dates.
- The Company was notified of a tax audit for the 2009G sample, but the tax audit was not completed.

Value Added Tax

- The Company finalized its tax status by the end of financial year 2017G after settling and paying all its financial obligations to the Egyptian Tax Authority, according to the audit memorandum, the Authority's forms, and payment notices.
- The Company has been regularly filing its monthly value-added tax returns and paying the tax due based on those returns.

Payroll and Wages Tax

- The Company finalized its tax status by the end of financial year 2011G after settling and paying all its financial obligations to the Egyptian Tax Authority, according to the inspection memorandum, the Authority's forms, and payment notices.
- From January 1, 2012G, to December 31, 2021G, a tax audit was conducted, and a final assessment of (755,384) Egyptian Pound was received. The tax differences are being settled.
- From January 1, 2022G, the Company has been filing monthly, quarterly, and annual payroll and wages tax returns regularly and paying the tax due based on these returns.

Stamp Tax

- The Company finalized its tax status by the end of financial year 2006G, after settling and paying all its financial obligations to the Egyptian Tax Authority, according to the inspection memorandum, the Authority's forms, and payment notices.
- From July 1, 2006G, to December 31, 2024G, no tax audit was conducted, and the company has not received any tax claims.

Real Estate Tax

- The Company finalized its tax status by the end of financial year 2021G after settling and paying all its financial obligations to the Egyptian Tax Authority, according to the tax assessment issued by the Authority and payment notices.
- As of January 1, 2022G, the Company was exempted from real estate tax for a period of three years, pursuant to Finance Minister Decision No. 61 of 2022G.

For more information on the Zakat and tax status of the Company and its subsidiaries, please refer to subparagraph (9.6.2) "**Continuing Obligations According to the Requirements of the Zakat, Tax and Customs Authority**" of paragraph (9.6) "**Continuing Obligations Imposed by Government Authorities on the Company in its Capacity as the "Licensee"**" of Section (9) "**Legal Information**" of this Prospectus).

Based on the above, the Company and its subsidiaries cannot predict the outcome of the studies and reviews by the Zakat, Tax and Customs Authority or by the Egyptian Tax Authority, or whether the Zakat, Tax and Customs Authority or by the Egyptian Tax Authority will accept its Zakat and Tax or by the Egyptian Tax Authority estimates or require it to pay any differences in the future. If the Zakat, Tax and Customs Authority requires the Company or any subsidiary to pay such differences, this will have a material adverse effect on the Group's profits, results of operations, financial position and future prospects.

2.1.20 Risks Related to the Reporting Environment and System Limitations

The Group's ERP system has several limitations that have affected its ability to produce some of the orders needed for a comprehensive performance analysis. The current reporting framework requires a significant amount of manual compilation to arrive at consolidated results, as a result of a decentralized system, where separate reports are prepared for each entity, without producing reports on a consolidated basis. Consequently, data may be subject to human error. This system includes some shortcomings, namely:

- Sales division by customer is limited to major customers across entities, where sales are recorded at the invoice level and not by customer name, and in some cases the customer's name is written differently, requiring manual compilation of entries for the same customer across entities.
- Purchase division is limited to the top (10) suppliers, without specifying the quantities purchased, and there is no breakdown of total purchases by supplier divided between local and foreign.
- Consumables and spare parts division by type, which limits profitability analysis and the ability to assess the impact of raw material costs on the Group's profitability.

The sales of Global Sleeping Supplies Marketing Company Limited and Arabian Spring & Foam Mattresses Mfg. Company Ltd (Sleep High) are limited to product categories due to the large number of stock-keeping units available for each product category. This limits the ability to assess the impact on sales of (a) a change in the average selling price per stock-keeping unit, and (b) a change in the sales composition mix per stock-keeping unit. These system limitations result in the Company's adherence to certain internal controls, operational inefficiencies, and exposure of data to human error.

As a result, the Company is currently undergoing a comprehensive upgrade to its Enterprise Resource Planning (SAP) system, with a full migration expected by April 25, 2025G, which will allow for a more robust performance management and reporting framework, and improved monitoring of operational key performance indicators. Failure to comply with these limitations will have a negative impact on the Company's business, results of operations, financial position, and future prospects. However, there is no assurance that the system upgrade will be successful and timely, and failure to effectively improve the system will have a material adverse effect on the Company's operations, financial results, and future prospects.

2.1.21 Risks Related to the Concentration of the Group's Revenues

The Group's activities are diversified into different sectors, and its revenues are mainly concentrated in the mattress and foam manufacturing and sales sector, with revenues from this sector amounting to (142.6) million Saudi Riyals, representing (87.43%) of the Group's total revenues during the financial year ending on December 31, 2021G, and (134.1) million Saudi Riyals, representing (86.36%) of the Company's total revenues during the financial year ending on December 31, 2022G, compared to (129.6) million Saudi Riyals, representing (85.87%) of the Group's revenues during the financial year ending on December 31, 2023G, and (62.6) million Saudi Riyals, representing (86.90%) of the Group's revenues during the financial period ending on June 30, 2024G.

(For further details on the contribution of each segment to the Group's total sales, please refer to the subparagraph (5.6.1.1.1) "*Sales by Operating Segment*" of paragraph (5.6) "*Results of operations for the financial years 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G*" of Section (5) "*Financial Information and Management Discussion and Analysis*" of this Prospectus).

In the event of any decline in the Group's sales of mattresses and foam, or in the event of any change in the prices of the Group's products locally or globally as a result of changes in supply and demand and increased competition in this sector, or in the event of disputes or setbacks in the Group's relationship with suppliers of raw materials for the mattress and foam industry, the Group's revenues will be mainly affected and this will be reflected in the Group's financial position in general and its future expectations. The following table shows details of the Company's revenues by business sectors for the financial years ending December 31, 2021G, 2022G and 2023G in addition to the six-month period ending June 30, 2024G:

Table 2: Distribution of revenues by sectors

Business Sectors	31 /12/2021G		31/12/2022G		31/12/2023G		30/06/2024G	
	Revenue (Million Saudi Riyals)	Percentage (%)	Revenue (Million Saudi Riyals)	Percentage (%)	Revenue (Million Saudi Riyals)	Percentage (%)	Revenue (Million Saudi Riyals)	Percentage (%)
Manufacturing Sponges & Springs Mattresses and Sales Sector	142.6	87.43%	134.1	86.36%	129.6	85.87%	62.6	86.91%
Sanitary Ware Manufacturing and Sales Sector	13.3	8.19%	12.7	8.20%	11.9	7.87%	3.8	5.25%
Transportation sector	7.1	4.38%	8.5	5.44%	9.4	6.26%	5.6	7.84%
Total	163.1	100%	155.3	100%	150.9	100%	72.0	100%

Source: The Company

In contrast, the Group's revenues are concentrated in the Saudi market, with revenues generated from the Saudi market amounting to (128.8) million Saudi Riyals, representing (79.0%) of the Group's total revenues as of December 31, 2021G, and SAR (123.8) million, representing (79.7%) of the Company's total revenues as of December 31, 2022G, compared to (130.6) million Saudi Riyals, representing (86.5%) of the Group's revenues as of December 31, 2023G, and (62.7) million Saudi Riyals, representing (87.1%) of the Group's revenues as of June 30, 2024G. In the event of a decline in Saudi market sales due to the entry of new competitors or the occurrence of a sudden event such as natural disasters or for any other reasons, the Group's revenues will be mainly affected and this will be reflected in the Group's financial position in general and its future expectations. The following table shows the details of the Company's revenues by geographical regions for the financial years ending December 31, 2021G, 2022G and 2023G, in addition to the six-month period ending June 30, 2024G:

Table 3: Distribution of revenues by geographic regions

Geographical Area	31 /12/2021G		31/12/2022G		31/12/2023G		30/06/2024G	
	Revenue (Million Saudi Riyals)	Percentage (%)	Revenue (Million Saudi Riyals)	Percentage (%)	Revenue (Million Saudi Riyals)	Percentage (%)	Revenue (Million Saudi Riyals)	Percentage (%)
Kingdom of Saudi Arabia	142.6	87.43%	134.1	86.36%	129.6	85.87%	62.6	86.91%
Arab Republic of Egypt	34.3	%21.0	31.6	%20.3	20.4	%13.5	9.3	%12.9
Total	163.1	100%	155.3	100%	150.9	100%	72.0	100%

Source: The Company

The continued concentration of the Group's revenues from a specific sector or one geographical area will have a material adverse effect on the Group's business, financial results and future prospects.

2.1.22 Risks Related to the Concentration of the Group's Sales from Main Customers

Total sales achieved through the Group's dealings with the largest (5) customers amounted to (61.4) million Saudi Riyals, representing (38%) of the Group's total sales during the financial year ending on December 31, 2021G, and (51.3) million Saudi Riyals, representing (33%) of the Group's total sales during the financial year ending on December 31, 2022G, compared to (52.3) million Saudi Riyals, representing (35%) of the Group's total sales during the financial year ending on December 31, 2023G, and (37.9) million Saudi Riyals, representing (53%) of the Group's total sales during the financial period ending on June 30, 2024G. The Group's sales and operating profits will be negatively affected if the Group loses any of its main customers or if their business and demand for the Group's products decline. The Group cannot guarantee that its major customers will renew the contracts concluded between them on favorable terms. Any of the major customers may also resort to terminating the contract if the Group does not comply with its contractual obligations. Any of the above factors will have a material adverse effect on the Group's business, financial position, results of operations and future prospects.

2.1.23 Risks related to the availability of key raw materials

The Group relies in its industries on a broad base of raw materials, including: iron wires - natural rubber latex - chemicals "TDI, MDI, POLYOL" - wood - fabrics - potassium feldspar - sodium feldspar - silica fluoride - clay - kaolin in addition to some preservatives and catalysts. The Group's operations are directly and negatively affected by any change in the prices of these raw materials, or any increase in the import costs of these raw materials, or any change in the conditions of their provision or delay in supplies. The following table shows the changes in the prices of the main raw materials for the financial years ending December 31, 2021G, 2022G and 2023G in addition to the six-month period ending June 30, 2024G:

Table 4: Changes in raw material prices

Raw Materials	Prices (SAR)/Kilogram					Change (%)		
	31/12/2021G	31/12/2022G	31/12/2023G	30/06/2023G	30/06/2024G	2021G - 2022G	2022G - 2023G	June 2023 - June 2024G
WIRE 2.4mm	4.27	4.14	3.29	3.67	3.31	((3%	(21%)	(10%)
LATEX FOAM SIZE 198*198*5 D80	311.64	340.76	235.65	249.42	237.04	9%	(31%)	(5%)
TDI	8.02	9.99	7.50	8.86	7.40	25%))	(25%)	(16%)
Polyol Conventional	12.73	5.30	4.77	5.47	4.78	(58%)	(10%)	(13%)
MDI (POLYMER)	10.35	6.94	7.24	7.69	8.17	(33%)	4%	6%
POLYOL 45%	11.25	6.99	6.03	6.71	6.67	(38%)	(14%)	(1%)
BALL CLAY-HYCAST VC	0.12	0.13	0.16	0.17	0.20	8%	23%	18%
FELDSPAR 63 MICRON	0.39	0.39	0.39	0.35	0.34	0%	0%	(3%)
C. Clay - PAR KAOLIN-Imerys-UK	0.12	0.24	0.19	0.25	0.24	100%	(21%)	(4%)

Source: The Company

The Group may incur variable import costs for some raw materials, to which customs and transportation fees are added. Changes in the prices of the main raw materials used in the production process directly affect the results of operations of the Company and its subsidiaries, as the Group's profitability is negatively affected by the increase in raw material prices. If raw material prices increase and the Group is unable to raise the prices of its products, or is unable to provide high-quality raw materials at low prices, or is unable to reduce other operating costs to cover the deficit resulting from the increase in production costs, this will negatively affect the Group's business, financial position and future prospects.

2.1.24 Risks related to the concentration of raw material suppliers

The Group's operational continuity depends on its ability to provide raw materials at reasonable prices. The Group seeks to meet its raw material needs through its dealings with local and international suppliers, with whom the relationship is based on purchase orders and deferred payment agreements. The value of the Group's purchases of raw materials from the largest (5) suppliers amounted to (44.7) million Saudi Riyals, representing (48.3%) of total purchases and (32.8%) of the Group's cost of sales for the financial year ending on December 31, 2021G, (43.7) million Saudi Riyals, representing (53.9%) of total purchases and (32.8%) of the Group's cost of sales for the financial year ending on December 31, 2022G, (36.2) million Saudi Riyals, representing (54.6%) of total purchases and (29.6%) of the Group's cost of sales for the financial year ending on December 31, 2023G, and (24.9) million Saudi Riyals, representing (72.9%) of total purchases and (44.5%) of the Group's total cost of sales for the financial period ending on June 30, 2024G. The Group may be exposed to the risk of disruption of raw materials or fluctuations in their prices, whether for a temporary or long period, which will affect the Group's operating margins and results of operations, and will have a negative and material impact on its business, financial position, results of operations and future prospects.

2.1.25 Risks related to trade payables

The Company's trade payables balance amounted to (29.2) million Saudi Riyals as of December 31, 2021G, (26.0) million Saudi Riyals as of December 31, 2022G, (27.4) million Saudi Riyals as of December 31, 2023G, and (35.4) million Saudi Riyals as of June 30, 2024G. The percentage of trade payables to total liabilities represents (32.6%), (25.6%), (27.1%), and (33.2%) as of December 31, 2021G, December 31, 2022G, December 31, 2023G, and June 30, 2024G, respectively. Noting that the credit period granted to the company by suppliers ranges from (60) days to (120) days (for more information, please refer to subparagraph (5.6.2.5.5) "*Trade payables*" of paragraph (5.6) "*Results of operations for the financial years 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G*" of Section (5) "*Financial Information and Management Discussion and Analysis*" of this Prospectus).

In the event that the payables become obsolete, the company may not be able to pay all of its trade payables or pay within the agreed period, which may make it difficult for the company to obtain purchase agreements on credit on appropriate terms in the future or may expose it to lawsuits by creditors, which will have a material adverse effect on its operations, financial position, results, operations and future prospects.

2.1.26 Risks related to inventory management

The Group's inventory consists mainly of raw materials, finished products, accessories and spare parts. The inventory balance amounted to (45.4) million Saudi Riyals recording a decrease in value of (5.9) million Saudi riyals as of December 31, 2021G, and (37.3) million Saudi Riyals recording a decrease in value of (6.9) million Saudi Riyals as of December 31, 2022G, (32.0) million Saudi Riyals Recording a decrease in value of (8.8) million Saudi Riyals as of December 31, 2023G and (30.0) million Saudi Riyals Recording a decrease in value of (5.6) million Saudi Riyals as of June 30, 2024G (for more information, please refer to subparagraph (5.6.2.2.1) "*Stock*" of paragraph (5.6) "*Results of operations for the financial years 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G*" of Section (5) "*Financial Information and Management Discussion and Analysis*" of this Prospectus).

The Group is required to maintain a level of inventory commensurate with its needs, while monitoring inventory holdings and increasing capital efficiency. Working capital, ensuring timely delivery of products to customers and maintaining their quality. If the Group is unable to maintain optimal inventory levels and monitor inventory periodically, this will result in a severe decrease or excess in inventory levels, which may cause the Group to incur losses due to its inability to meet customer requirements in the first case, or to dispose of inventory in the second case. If the Group's inventory is mismanaged, this will negatively affect its business operations, financial position and future prospects.

2.1.27 Risks related to goods transportation

The Group faces a number of risks associated with the transportation of its goods, as the Group relies on the fleet of one of its subsidiaries, Emmdad Logistic Services Company, to manage its operations, including vehicles and delivery drivers to carry out shipping and distribution operations from its facilities to internal destinations. In the course of practicing its activity, Emmdad Logistic Services Company was exposed during the first half of 2024G to an accident that led to the injury of the driver of the vehicle, which necessitated treatment after it was registered as a work injury by the General Organization for Social Insurance, in addition to another accident during the first half of 2024G that led to damage to the transported goods, which resulted in a financial claim of (72.5) thousand Saudi Riyals that was compensated by the insurance company. In the future, Emmdad Logistic Services may face the risk of similar accidents, collisions, environmental factors or theft, which may cause damage to fleet or cargo or even injury to drivers that will affect the Group's operations and reputation and consequently its financial position and future prospects.

2.1.28 Risks related to credit risks

The Group's operations are dependent on credit and credit risk arises when one party fails to meet a specific financial obligation to the other party. The Group may face credit risk in several temporary or permanent situations, including the existence of receivables from customers, the failure of other debtor parties to meet their obligations to the Company, and other situations in which the Group is exposed to credit risk. Therefore, the company has established a credit loss provision amounting to (0.4) million Saudi Riyals, (1.9) million Saudi Riyals, (0.6) million Saudi Riyals and (0.3) million Saudi Riyals as of December 31, 2021G, December 31, 2022G, December 31, 2023G and June 30, 2024G, respectively. The group's net receivables balance amounted to (17.7) million Saudi Riyals as of December 31, 2021G and (14.2) million Saudi Riyals as of December 31, 2022G, compared to (15.3) million Saudi Riyals as of December 31, 2023G and (18.5) million Saudi Riyals as of June 30, 2024, representing (5.9%), (5.2%), (7.4%) and (9.5%) of the Company's total assets as of December 31, 2021 and December 31, 2022G. and December 31, 2023G and June 30, 2024G, respectively (for more information receivables, please refer to subparagraph (5.6.2.2.2) "**Trade receivables**" of paragraph (5.6) "**Results of operations for the financial years 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G**" of Section (5) "**Financial Information and Management Discussion and Analysis**" of this Prospectus).

If the Group is unable to collect its receivables from its customers and continues to accrue additional provisions, this will have a material adverse effect on its business, financial position, results of operations and future prospects.

2.1.29 Risks related to liquidity

The Company faces liquidity risk when it is unable to provide the necessary funds to meet its financial obligations arising from operating activities on time. The trading ratio amounted to (1.29 times) as of December 31, 2021G, (1.03 times) as of December 31, 2022G, (0.79 times) as of December 31, 2023G, and (0.72 times) as of June 30, 2024G. The Group's current liabilities exceeded its current assets by (16.5) million Saudi Riyals as of December 31, 2023G, and (23.8) million Saudi Riyals as of June 30, 2024G. (For more information on the Group's current liabilities, please refer to subparagraph (5.6.2.5) "**Current liabilities**" of paragraph (5.6) "**Results of operations for the financial years 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G**" of Section (5) "**Financial Information and Management Discussion and Analysis**" of this Prospectus). The lack of liquidity will limit the Company's ability to provide raw materials to the Group, and this may limit the Company's ability to secure letters of guarantee for suppliers, which may negatively affect the relationship with key suppliers. If the level of liquidity is not improved, the Company may face risks that prevent it from meeting its short-term obligations and may face additional liquidity problems that will negatively affect the Company's and the Group's business in general and consequently the results of operational and financial operations.

2.1.30 Risks related to the increase in the ratio of the company's liabilities to its assets

An increase in the Group's liabilities could pose a risk to its overall financial position and solvency, noting that the percentage of total liabilities to total assets amounted to (30%) as of December 31, 2021G, (37%) as of December 31, 2022G, (49%) as of December 31, 2023G, and (55%) as of June 30, 2024G (for more information on the reasons for the increase in the Company's liabilities, please refer to subparagraphs (5.6.2.4) "**Non-current liabilities**" and (5.6.2.5) "**Current liabilities**" of paragraph (5.6) "**Results of operations for the financial years 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G**" of Section (5) "**Financial Information and Management Discussion and Analysis**" of this prospectus). It is worth noting that the Group's current liabilities exceeded its total current assets by (16.5) million Saudi Riyals as of December 31, 2023G, and (23.8) million Saudi Riyals as of June 30, 2024G. If the Group's liabilities increase relative to its assets, it will be more difficult to meet its obligations, and this will have a negative impact on the Group's business, financial position, results of operations and future prospects.

2.1.31 Risks Related to the Implementation of the Corporate Governance Regulations

With the exception of the Internal Governance Regulations, which were approved by the Board of Directors on 18/06/1445H (corresponding to 31/12/2023G), and since the issuance of the Companies Law by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022H) and the amendment of the Corporate Governance Regulations issued by the Capital Market Authority based on the Companies Law, the Group has not updated any of the internal regulations and policies in line with these amendments, which leads to a discrepancy between the provisions of the Companies Law and the Corporate Governance Regulations, which have been amended, on the one hand, and the provisions stipulated in the internal regulations and policies. In the event that the company does not comply with the provisions and articles of the Corporate Governance Regulations and does not adopt a clear methodology for corporate governance in a manner consistent with the instructions of the Corporate Governance Regulations issued by the Authority and in a manner that ensures the protection of the interests of the company and its shareholders, this will have a negative and material impact on the company's business, in addition to any violations and fines that the company may incur as a result of non-compliance with the Corporate Governance Regulations, which will negatively impact the results of its operations, its financial position and its future prospects. If members of these committees fail to fulfill their duties and fail to take positions that ensure the protection of the interests of the Company and its shareholders, this will affect compliance with Corporate Governance requirements, ongoing disclosure requirements, and the Board of Directors' ability to monitor the company's operations through these committees. This will have a material adverse impact on the Company's business, financial position, results of operations, and future prospects.

2.1.32 Risks Related to Transactions with Related Parties

The Company and its subsidiaries deal with related parties in the ordinary course of business. The total amounts of transactions with related parties amounted to (11.8) million, Saudi Riyals and (12.6) million Saudi Riyals and (14.1) million Saudi Riyals and (7.8) million Saudi Riyals as of December 31, 2021G, 2022G, 2023G, and as of June 30, 2024G, respectively.

The Ordinary General Assembly, held on 20/08/1440H (corresponding to 25/04/2019G), approved the business and contracts, which will be completed over a period of three years, from 28/10/1440H (corresponding to 01/12/2019G) to 01/12/1443H (corresponding to 30/06/2022G), between:

- Global Marketing Company for Sleeping System Limited (a subsidiary) and Emmdad Logistic Services Company (a subsidiary).
- The company (SIDC Ceramic Factory "Casavia"), a branch of the Saudi Industrial Development Company (SIDC) and Emmdad Logistic Services Company (a subsidiary).

The Ordinary General Assembly, held on 17/11/1443H (corresponding to 16/06/2022G), also approved the business and contracts to be executed for a period of three years, from 02/12/1443H (corresponding to 01/07/2022G) to 05/01/1447H (corresponding to 30/06/2025G) between:

- Global Marketing Company for Sleeping System Limited (a subsidiary) and Emmdad Logistic Services Company (a subsidiary).
- The company (SIDC Ceramic Factory "CASAVIA", a branch of the Saudi Industrial Development Company (SIDC) and Emmdad Logistic Services Company (a subsidiary).

It is worth noting that the two members of the Board of Directors, Mr. Ahmed bin Abdullah Al-Kanhal and Mr. Ibrahim bin Abdullah Alhomaiddhi, own indirect ownership in Emmdad Logistic Services Company through each of them owning (50%) of the shares of Road Storm Trading & Contracting Company, which owns (50%) from the shares of Emmdad Logistic Services Company, and thus the indirect ownership of each of them is (25%) in Emmdad Logistic Services Company.

The following are details of the business and contracts concluded with related parties during the financial years ending December 31, 2021G, 2022G, and 2023G, and the financial period ending June 30, 2024G:

Transactions with related parties during the financial year ending December 31, 2021G, include the following:

- A contract to provide transportation, handling, and storage services concluded between Emmdad Logistic Services Company (a subsidiary) and the Global Marketing Company for Sleeping System Limited (a subsidiary), based on the number of trips executed, the quantity of products, and the leased storage space, for a value of (10.9) million Saudi Riyals.
- A contract to provide transportation, handling, and storage services concluded between Emmdad Logistic Services Company (a subsidiary) and SIDC Ceramic Factory "CASAVIA", a branch of the Saudi Industrial Development Company (SIDC), based on the number of trips executed, the quantity of products, and leased storage spaces amounted for (0.9) million Saudi Riyals.

Thus, the total value of these transactions amounted to (11.8) million Saudi Riyals, representing (3.9%) of total assets and (13.2%) of total liabilities as of December 31, 2021G.

Transactions with related parties during the financial year ending December 31, 2022G, include the following:

- Two contracts for the provision of transportation, handling, and storage services concluded between Emmdad Logistic Services Company (a subsidiary) and Global Marketing Company for Sleeping System Limited (a subsidiary), based on the number of trips executed, the quantity of products, and leased storage spaces, valued at (6.0) million Saudi Riyals and (5.7) million Saudi Riyals.
- Two contracts for the provision of transportation, handling, and storage services concluded between Emmdad Logistic Services Company (a subsidiary) and SIDC Ceramic Factory "CASAVIA", a branch of the Saudi Industrial Development Company (SIDC), based on the number of trips executed, the quantity of products, and the leased storage spaces, amounting to (0.4) million Saudi Riyals and (0.4) million Saudi Riyals.

Thus, the total value of these transactions amounted to (12.6) million Saudi Riyals, representing (4.6%) of total assets and (12.4%) of total liabilities as of December 31, 2022G.

Transactions with related parties during the financial year ending December 31, 2023G, included the following:

- A contract to provide transportation, handling, and storage services concluded between Emmdad Logistic Services Company (a subsidiary) and Global Marketing Company for Sleeping System Limited (a subsidiary), based on the number of trips executed, the quantity of products, and the leased storage space, for a value of (13.1) million Saudi Riyals.
- A contract to provide transportation, handling, and storage services concluded between Emmdad Logistic Services Company (a subsidiary) and SIDC Ceramic Factory "CASAVIA", a branch of the Saudi Industrial Development Company (SIDC), based on the number of trips executed, the quantity of products, and the leased storage space, for a value of (1.0) million Saudi Riyals.

Thus, the total value of these transactions amounted to (14.1) million Saudi Riyals, representing (6.8%) of total assets and (13.9%) of total liabilities as of December 31, 2023G.

Transactions with related parties during the financial period ending June 30, 2024G, include the following:

- A contract to provide transportation, handling, and storage services concluded between Emmdad Logistic Services Company (a subsidiary) and Global Marketing Company for Sleeping System Limited (a subsidiary), based on the number of trips executed, the quantity of products, and the leased storage space, for a value of (7.5) million Saudi Riyals.
- A contract to provide transportation, handling, and storage services concluded between Emmdad Logistic Services Company (a subsidiary) and SIDC Ceramic Factory "CASAVIA", a branch of the Saudi Industrial Development Company (SIDC), based on the number of trips executed, the quantity of products, and the leased storage space, for a value of (0.3) million Saudi Riyals.

The total of these transactions amounted to (7.8) million Saudi Riyals, representing (4.0%) of total assets and (7.3%) of total liabilities as of June 30, 2024G.

(For more information, please refer to paragraph (9.7.2) "*Agreements and Transactions with Related parties*" of paragraph (9.7) "*Summary of Key Contracts*" of Section (9) "*Legal Information*" of this Prospectus.)

It is worth noting that the Company had previously presented the item relating to the delegation of authority to the Board of Directors to license related party transactions at the General Assembly meeting held on 17/11/1443H (corresponding to 16/06/2022G), and the General Assembly approved the item with the participation of Board members in the vote. Additionally, on 26/11/1444H (corresponding to 15/06/2023G), the delegation item was presented again to the General Assembly, which approved it without excluding Board members from voting on the item. This constituted a violation of paragraph (e) of Article (64) of the Implementing Regulations of the Companies Law applicable to listed companies and may result in a potential violation by Board members.

In this regard, the delegation item was presented once more at the General Assembly meeting held on 07/12/1445H (corresponding to 13/06/2024G). The voting outcome on this item was amended from "abstention" to "disapproval" in the meeting minutes, due to the inability of the vote-counting committee to exclude the abstention votes cast electronically by Board members' shares. As a result, this delegation is not in effect as of the date of this Prospectus (For more details on the delegation matter, please refer to Section 2.1.33 "*Risks Related to the Board of Directors' Delegation of the Authority to Authorize Businesses and Contracts in Which Any Board Member Has a Direct or Indirect Interest*").

In the event that Board members fail to comply with the Companies Law requirements regarding the disclosure to the General Assembly of any direct or indirect interest in transactions or contracts entered into by the Company, the Company shall have the right to request the competent judicial authority to annul the contract and to require the concerned Board member to surrender any profit or benefit obtained therefrom. Moreover, if the General Assembly does not approve the related party transactions, the interested Board member must submit their resignation within a specified period by the general assembly; otherwise, their membership shall be deemed terminated, unless the transaction or contract is rescinded within the specified period. Failure by the Company to recover amounts arising from such transactions may materially and adversely affect the Company's business, financial position, operating results, and future prospects.

2.1.33 Risks Related to the Board of Directors' Delegation of the Authority to Authorize Businesses and Contracts in Which Any Board Member Has a Direct or Indirect Interest

Paragraph (1) of Article (27) of Companies Law allows the General Assembly to delegate its authority to approve transactions and contracts in which any Board of Directors member has a direct or indirect interest. Article (64) of the Implementing Regulations of the Companies Law for Listed Joint Stock Companies stipulates the right of the General Assembly to delegate this authority to the Board of Directors within a specific regulatory framework. The Company had previously presented the delegation clause to the General Assembly held on 17/11/1443H (corresponding to 16/06/2022G), but the Board of Directors members participated in voting on it. Furthermore, on 26/11/1444H (corresponding to 15/06/2023G), the Assembly approved the delegation clause without prohibiting the Board of Directors from voting on it, this constitutes a violation of Paragraph (e) of Article (64) of the Implementing Regulations of the Companies Law for Listed Joint Stock Companies. It should be noted that the Company amended the voting result on this item from abstention to non-approval, according to the minutes of the Ordinary General Assembly meeting held on 07/12/1445H (corresponding to 13/06/2024G), due to the inability of the vote counting committee to exclude the results of the electronic voting by abstention for the shares of the Board members participating in the voting. Therefore, this authorization is not valid as of the date of this Prospectus, and the Board of Directors has never used this authority historically, as the transactions with related parties were approved by the Ordinary General Assembly (35) held on 17/11/1443H (corresponding to 16/06/2022G). Should the Company fail to comply in the future with the regulatory framework for authorizing the Board of Directors to license business and contracts, it will be deemed a violation of the Companies Law and its implementing regulations, and may result in the penalties stipulated in the law and could render the transactions and contracts approved by a non-compliant delegated Board of Directors invalid, which will have a material adverse impact on the Company's business, financial position, results of operations, and future prospects.

2.1.34 Risks Related to failure to obtain or renew government licenses, certificates, and permits

The Company and its subsidiaries are required to obtain and maintain various legal permits, licenses, certificates and approvals in connection with their activities to continue doing business. The inability of the Company or any of its subsidiaries to renew its current licenses, permits and certificates or obtain any of the necessary licenses for its business or other regulatory certificates and approvals imposed by government agencies on companies operating in the Kingdom, or if any of its licenses are suspended or expires without renewing them, or in the event that the Company is unable to obtain additional licenses, permits and certificates that may be required of it in the future, this may expose the Company or its subsidiaries. To stop carrying out its work, such as closing its violating Head Office or freezing the services provided by the regulatory authorities (such as renewing licenses and certificates, issuing visas, residence permits, transferring sponsorships... etc) or exposure to financial fines imposed by the authorities related to licenses, permits and certificates. As of the date of this Prospectus, the Company and its subsidiaries have not committed to obtain or renew a number of certificates and licenses as follows:

- Failure to renew the safety certificate issued by the Royal Commission for Jubail and Yanbu for SIDC Ceramic Factory "CASAVIA", branch of the Saudi Industrial Development Company (SIDC), which may lead to it being considered in a state of default as a result of which the Royal Commission for Jubail and Yanbu is granted the right to terminate the contract concluded between them in accordance with the terms and conditions contained therein.
- Failure to renew the operating licenses of the subsidiary Global Marketing Company for Sleeping System Limited and its branches and the number of these expired licenses (6), which is considered a violation of the laws, regulations, conditions and instructions issued by MODON, which may expose the subsidiary company to financial fines or other penalties, and the subsidiary company may not be able to renew other licenses, which will affect the conduct of its business, as well as the validity of lease contracts.
- Failure to renew the industrial licenses of the subsidiary's Modern Cotton and Fiber Products Factory, a branch of the Global Marketing Company for Sleeping System Limited, may result in the subsidiary's branch being deemed in violation of the provisions of the Unified Industrial Organization Law of the Gulf Cooperation Council (GCC), resulting in any of the following penalties: (1) Administrative warning to resolve the violation. (2) Administrative closure of the industrial project until the violation and its consequences are remedied. (3) Cancellation of the industrial license and registration (in accordance with the provisions of Article 26 of the Executive Regulations of the Unified Industrial Organization Law of the Gulf Cooperation Council (GCC). Failure to update the industrial facility's data may also result in the suspension of the facility's accounts or the withdrawal of all or some of the benefits, exemptions, or incentives granted to the industrial project (in accordance with the provisions of Article 29 of the Unified Industrial Organization Law of the Gulf Cooperation Council (GCC).
- The subsidiary (Emmdad Logistic Services Company), through its branch in Dammam (Commercial Registration No. 2050148490), has not complied with obtaining the Nationalization/Saudization Certificate. Failure by the subsidiary to obtain and renew the required certificate may result in its inability to benefit from the services provided by the relevant authorities, which will affect the smooth running of its business.
- Failure to obtain or renew safety certificates for (2) sites operated by the Group, and therefore it is not committed to the security and safety requirements imposed by the Civil Defense Law issued by Royal Decree No. (M/10) dated 10/05/1406H (corresponding to 21/01/1986G) and amended by Royal Decree No. (M/66) dated 02/10/1424H (corresponding to 26/11/2003G) and amended by Royal Decree No. (M/63) dated 13/09/1436H (corresponding to 30/06/2015G) in terms of renewing and issuing safety certificates, may expose it to the penalties and fines stipulated in Article (30) of the Civil Defense Law, which stipulates that a penalty shall be imposed on anyone who violates any provision of this law, its regulations, or the decisions issued based on it, with imprisonment for a period not exceeding six months, or a fine not exceeding (30) thousand Saudi Riyals, or both. Failure to obtain a Civil Defense license will also prevent the group from obtaining new municipal licenses or renewing existing licenses. Failure to obtain safety certificates from the Civil Defense may result in the center being closed until the necessary procedures for obtaining Civil Defense licenses are completed.
- Failure to obtain a municipal license (Baladiyah license) for its head office located in Jeddah, and therefore it is not committed to the requirements of the Ministry of Municipalities and Housing to renew and issue municipal licenses for sites occupied by branches or points of sale through which it carries out its commercial activity, is considered a violation of the Municipal Licensing Procedures Law issued by Royal Decree No. (M/59) dated 23/09/1435H (corresponding to 20/07/2014G), and the Company may be exposed to the penalties stipulated in the Penalties Regulations for Municipal Violations (issued by Cabinet Resolution No. (92) dated 05/02/1442H (corresponding to 22/09/2020G) and its implementing rules issued by Ministerial Resolution No. (4300204526) dated 12/03/1443H corresponding to 18/10/2021G), which stipulates that without prejudice to any more severe penalty stipulated by the law, anyone who commits a violation shall be punished with one (or more) Among the following penalties:
 1. A fine not exceeding five hundred thousand (500,000) Saudi Riyals, and not exceeding one million (1,000,000) Saudi Riyals if the violation is a serious municipal violation. The penalty may be doubled in the event of a repeat violation. The fine shall be multiplied by the number of violators. The Prime Minister may, by order of the Prime Minister, raise the maximum fine stipulated in this paragraph after agreement between the Minister of Municipalities and Housing and the Minister of Finance.
 2. Closing the shop or establishment for a period not exceeding (two weeks). The penalty may be doubled in the event of a repeat violation.
 3. Cancelling the municipal license of the shop or establishment and preventing them from practicing their activity for a period not exceeding (two years) if the violation is a serious municipal violation.

(For further details on government licenses, certificates, and permits, please see subparagraph (9.5) “*Key Licenses, Certificates and Approvals*” of Section (9) “*Legal Information*” of this prospectus.)

If the Company and its subsidiaries incur any of the above penalties, this may result in disruption to the Group’s operations and additional costs, which will have a material adverse impact on the Group’s business, results of operations, financial position, and future prospects.

2.1.35 Risks related to the inability to implement the strategy

The Company’s ability to increase the Group’s revenues and improve its profitability depends on the extent of effective implementation of its business plans and successful achievement of its strategy, including, but not limited to, improving the current products manufactured by the Group or entering into new production lines and introducing new products. The Group’s ability to expand its business in the future depends on its ability to continue to implement and improve its operational, financial and administrative processes efficiently and in a timely manner, as well as its ability to increase, train, motivate and maintain its workforce. Furthermore, any business expansion plans that the Company intends to undertake in the future will be subject to estimated costs and the specified implementation schedule, and the Group may need additional financing to complete any expansion plans. If the Group is unable to implement the expansion plans according to the specified schedule and according to the estimated costs of the project, or in the event that the desired profitability is not achieved from these projects, which may be due to various reasons, including changes in the market conditions at the time of implementation of these projects or a defect in the feasibility study, this will negatively affect the Group’s competitive position, and consequently its business results and profitability. The Company’s ability to implement its current strategy is subject to various factors, some of which are beyond its control. There are no guarantees that there will be no disruption, malfunction or sudden interruption in business during the expansion process, or that the employees hired by the Company or the laws, procedures and controls it adopts will be sufficient to support future growth and expansion and successfully achieve its strategy. If the Company fails to implement any part of its strategy for any reason, this will have a material adverse effect on the Group’s business, results of operations, financial position and future prospects.

2.1.36 Risks Related to Third Parties’ Contracts

The Group has entered into many contracts and agreements with suppliers, customers, distributors and other third parties, the relationship with which is limited to a specific period of time according to the terms and conditions of the agreement concluded with the Group (for more information, please refer to paragraph (9.7) “*Summary of Key Contracts*” of Section (9) “*Legal Information*”). Neither the Company nor any of its subsidiaries can guarantee the renewal of these contracts and agreements when they become due, and if they are renewed, there is no guarantee that they will be renewed on terms similar to the current terms. If the Group is unable to renew any of these contracts or renew them on terms that are suitable for them, this will have a material and negative impact on the Group’s business, results of operations, financial position and future prospects.

2.1.37 Risks related to non-compliance with product quality, manufacturing defects and resulting warranty claims

The Company and its subsidiaries seek to maintain customer satisfaction by providing high quality products. The quality of products depends on the effectiveness of the quality control system, which depends on several factors, including designing a quality control system, preparing training programs for employees, and monitoring the extent of employees’ commitment to quality control policies and standards, in order to reduce defects in manufactured products. The Group provides a warranty for its products for a period of (7) years, including manufacturing defects. The value of manufacturing defects according to the warranties provided amounted to (0.2) million Saudi Riyals and (0.1) million Saudi Riyals, compared to (0.2) million Saudi Riyals and (0.1) million Saudi Riyals as of December 31, 2021G, December 31, 2022G, December 31, 2023G, and June 30, 2024G, respectively. They represent (0.13%), (0.11%), (0.15%), and (0.16%) of the total cost of sales, and (0.11%), (0.09%), (0.12%), and (0.13%) of the total sales as of December 31, 2021G, December 31, 2022G, December 31, 2023G, and June 30, 2024G, respectively. If the Group is unable to maintain the quality of its products, claims will arise to repair or replace the products covered by the warranty at the Group’s expense, which will lead to an increase in the value of the registered warranty in the future. If the Group is unable to fulfill the warranty obligations, this will have a material and negative impact on its reputation, in addition to incurring potential costs or compensation resulting from judgments issued against it regarding these warranties provided by it, which will have a material and negative impact on the Group’s business prospects, results of operations and financial position.

2.1.38 Risks related to unexpected accidents at the Group’s factories

The Group’s production lines may be subject to stoppage due to malfunctions in machines or sudden interruption in raw materials or for any technical reason such as interruption in electricity, energy, water supplies or exposure to any emergency incident that affects the continuity of its business, whether temporarily or permanently, such as natural disasters. Given that the Group relies mainly on the revenues of its factories, any malfunctions or sudden interruption of the machines and equipment used in the production process may affect the Group’s productivity for the entire period of the production lines’ stoppage, which may have a negative and material impact on the Group’s operational and financial results.

2.1.39 Risks related to the securing of future financing

The ability of the Company and its subsidiaries to obtain sources of financing for its business depends on several factors, including factors related to its ability to obtain regulatory approvals, in addition to the Company's financial position and creditworthiness. If the Company or any of its subsidiaries need additional financing in the future to expand its business or products, or to improve its financial solvency, it may face difficulty in obtaining sources of financing, and if it does obtain them, they may be at an unfavorable cost and on unfavorable terms (for more information on the Group's reliance on its subsidiary for financing, please refer to subparagraph (2.1.5) "**Risks related to the Group's reliance on Global Marketing Company for Sleeping System Limited to finance its activities**" of Section (2) "**Risk Factors**" of this Prospectus). Difficulty in obtaining appropriate financing in the future will adversely affect the Company, its financial performance and its business plan.

2.1.40 Risks related to operational systems and information technology

The various IT systems that the Company and its subsidiaries use in their business support and are essential to providing the Group's services to its customers. Since the systems currently operated by the Group are multi-use, this may expose them to the risks of hacking and cyber-attacks as well as deliberate breaches of data, networks and software. Furthermore, the increased use of cloud services for data storage will increase the Group's exposure to the risk of IT system failure in general. Any cyber-attack on operating systems will hinder the Group from providing services and selling products to its customers, which may damage its reputation and cause a loss of revenue. Any failure to protect data or use it properly will result in the loss of customer data or unauthorized access to it. The Group's IT systems are also subject to other external and internal risks, such as malware, code flaws, network hacking attempts, lack of required updates or modifications, data leakage and human errors, all of which pose a direct risk to the Group's business and data. Operating systems and information technology may also be exposed to other threats and risks such as equipment failure, theft of customer information, fire, explosion, flood, severe weather, power outages, and other problems that may occur during network usage or major changes. In the event of a partial or total collapse of any of the information technology or communications systems, the Group's business activities may stop or be severely affected. Any system failure, accident or breach may cause an interruption in its operations or affect its ability to provide services to its customers, thus negatively affecting its revenues and operations. These disruptions may also affect the Company's image and reputation and reduce its customers' confidence in it, which will lead to the loss of some customers. In addition, the Group may be forced to incur additional costs to repair any damage resulting from these disruptions, and in all cases, this will have a negative and material impact on its business, results of operations, financial position and future prospects.

2.1.41 Risks related to lease contracts concluded with non-governmental entities

The Company and its subsidiaries have concluded with non-governmental entities (17) lease contracts as lessees within the Kingdom of Saudi Arabia and (9) lease contracts in the Arab Republic of Egypt (for more information, please refer to subparagraph (9.7.3) "**Lease Contracts**" of paragraph (9.7) "**Summary of Key Contracts**" of Section (9) "**Legal Information**"). The Group's inability to maintain the continuity of the lease contracts related to these sites and renew them on the same current terms or on preferential terms or its inability to use the leased site for the purpose designated for it for any reason, will force it to vacate the leased site and find other more suitable places to conduct its activity, without guaranteeing suitable lease contract terms like those currently in place. In the event of any of the risks mentioned above related to the lease contracts occurring, it will affect the Group's expected business results and its operational and financial statements. It is worth noting that Cabinet Resolution No. (292) dated 16/05/1438H (corresponding to 13/02/2017G) was issued, which stipulates that a lease contract not registered in the electronic network shall not be considered a valid contract producing its administrative and judicial effects. Whereas the electronic network for rental services was launched in cooperation between the Ministries of Justice and Housing on 17/05/1439H (corresponding to 03/02/2017G), and a circular from the Ministry of Justice was issued approving the application of this to all contracts concluded after 04/05/1440H (corresponding to 10/01/2019G). As of the date of preparing this Prospectus, the Group is committed to documenting all lease contracts. If lease contracts are concluded in the future without being committed to documenting them and any dispute arises between the Group and the lessor regarding lease contracts that are not registered electronically, it may not be considered by the Saudi courts and therefore the Group, as a plaintiff, will not be able to protect its rights in the event that any of the lessors breaches their contractual obligations, which will negatively affect its business and future prospects.

2.1.42 Risks related to lease contracts concluded with governmental entities

The Company and its subsidiaries have leased sites (including: industrial lands - offices - residences) from the Royal Commission for Jubail and Yanbu and the Saudi Authority for Industrial Cities and Technology Zones (MODON), where the Company has concluded (17) lease contracts as a tenant with the Royal Commission for Jubail and Yanbu (the lessor), which consist of industrial land and (16) residences. The subsidiary, Global Sleeping Supplies Marketing Company Limited (as the investor), has also concluded (9) lease contracts for its factories with the Saudi Authority for Industrial Cities and Technology Zones (MODON). (For more information, please see subparagraph (9.7.3) "**Lease Contracts**" of paragraph (9.7) "**Summary of Key Contracts**" of Section (9) "**Legal Information**"). These contracts include common terms in terms of their termination in the event that the lessee company concludes any sub-agreement or assigns it or any interest in it or in relation to all or any part of the leased property without obtaining prior written consent from the lessor, in addition to the necessity of keeping the leased lands free of any privileges, mortgages, guarantees or any other type of similar rights. The lessor may also terminate the lease contracts in the event of non-payment of the agreed consideration or the lessee company's breach of any of its obligations after the expiry of the period granted to the lessee company to correct the default or breach. Among the most prominent obligations of the lessee company under these contracts is to conclude insurance policies at its own expense against the risks of property damage and comprehensive third-party liability and personal injuries. The Company and the Global Sleeping Supplies Marketing Company Limited did not commit to concluding the required insurance documents, which will result in it being considered a violation of the terms of the contract, which constitutes a reason for default that allows the lessor to terminate the lease contract accordingly, which will have a negative and material impact on the Group's business, operational results and future

prospects. The Company, its subsidiaries and branches benefit from the services provided to industrial facilities located in industrial cities and the appropriate facilities provided to them by cities at a lower cost in terms of annual rent compared to those provided to industrial facilities outside industrial cities. In addition to providing all services and facilities such as electricity, water, sewage, industrial security, environmental services, communications and logistics services at symbolic prices, in addition to customs exemptions that benefit factory owners and investors in the lands allocated to them by the cities. Although the lease contracts for industrial lands rented by MODON are for a long period, there is no guarantee that MODON will continue to provide these incentives to industrial facilities in terms of the value of rents or fees for the services it provides, and the company cannot guarantee that future changes in these incentives and the value of service fees will not have a negative impact on the group's business, results of operations and financial position.

2.1.43 Risks related to trademark and intellectual property rights

The ability of the Company and its subsidiaries to market its products and develop its business depends on the use of its name and logo. The Company has registered its logo (SIDC) as a trademark with the Saudi Authority for Intellectual Property under three categories, under registration certificates valid until 2034G. The Company has also registered the (CV Casavia) logo registered with the Saudi Authority for Intellectual Property under three categories under registration certificates valid until 2032G. The Group has also registered (12) other trademarks with the Saudi Authority for Intellectual Property (or the Ministry of Commerce previously, which was the competent authority for registering trademarks before this authority was transferred to the Saudi Authority for Intellectual Property) and (25) trademarks with the competent authority in the Arab Republic of Egypt, in addition to (21) trademarks in other countries (for more information, please refer to paragraph (9.8) "**Trademarks and Intellectual Property Rights Issue**" of Section (9) "**Legal Information**"), noting that the Company's website is registered with the Saudi Network Information Center, which provides protection from possible infringement by third parties. In the event that the Company does not register any future logos that it uses in its commercial dealings or if the Group does not register any other logo that it uses in its dealings as a trademark in the future, it will be unable to prevent infringement of its rights in this regard, which will negatively affect the logo used and will affect the Company's operational results. The Group's business may also be primarily affected in the event of unfair competition by third parties who may use trademarks and logos similar to the Group's trademarks within the main markets in which it operates. Failure to maintain effective protection for the Group's trademarks will expose its associated interests to risks, which will have a material adverse effect on the Group's business, financial position and results of operations. The Group may be forced to defend its trademark by entering into costly legal proceedings, which may cause material damage to the reputation of the trademarks and have a negative impact on the Group's ability to attract new customers, which will lead to a decline in the Group's revenues, which will have a material adverse effect on its business, financial position, results of operations and future prospects.

2.1.44 Risks Related to Lawsuits, Claims, Arbitrations and Administrative Proceedings

As of this Prospectus, Saudi Industrial Development Company (SIDC) and its subsidiaries, Global Marketing Company for Sleeping System Limited and Emmdad Support Services Company, were parties to a number of execution requests, where the company and these two subsidiaries filed (32) execution requests as the plaintiff with a total value of about (21.0) million Saudi Riyals, of which about (657) thousand Saudi Riyals were collected as at the date of the prospectus.

As for the existing lawsuits and litigations, the subsidiary (Global Marketing Company for Sleeping System Limited) is a party to (3) Claims in the Arab Republic of Egypt, one in its capacity as defendant and (2) in its capacity as plaintiff, and all these lawsuits are related to trademarks registered in its name in the Arab Republic of Egypt without including any financial claims. The Global Marketing Company for Sleeping System Limited is a party to one lawsuit in the Kingdom of Saudi Arabia as the plaintiff with a value of (569.8) thousand Saudi Riyals. As for the subsidiary company (the Arabian Spring & Foam Mattresses Mfg. Company Ltd (Sleep High)), it is a party to a number of labor cases (two in its capacity as the defendant and one in its capacity as the plaintiff), a number of civil cases (3 cases in its capacity as the defendant and 5 cases in its capacity as the plaintiff), a number of administrative cases (one in its capacity as the plaintiff) and a number of misdemeanor cases (14 cases in its capacity as the plaintiff), and the lawsuits filed against it as the defendant and are still pending amounted to (3.0) million Egyptian pounds (equivalent to 249,728 Saudi Riyals), and the value of the claims filed by it as the plaintiff amounted to (19.8) million Egyptian pounds (equivalent to 1,641,391 Saudi Riyals), without the Group forming any provision for demands that may arise from these claims. The Company and its subsidiaries may not be able to collect the amounts under these claims, or a ruling may not be issued in its favor in the lawsuits filed by it as the plaintiff, and a ruling may be issued in favor of the plaintiffs in the lawsuits filed against it as the defendant. The Company and its subsidiaries cannot predict the outcome of these lawsuits, which may result in the Company being obligated to pay the amounts claimed. (for more information, please refer to paragraph (9.10) "**Disputes and Litigations**" of Section (9) "**Legal Information**").

The Group may also be exposed in the course of practicing its business to lawsuits and lawsuits related to its operations and commercial activities, and the group does not guarantee that no dispute will arise between it and its customers or parties dealing with them, which may lead to lawsuits being filed with the competent judicial authorities, whether by the company or one of its subsidiaries or against it. Naturally, the Group cannot predict the outcome of existing claims under current lawsuits or future claims in the event of additional lawsuits being filed in the future, nor can the Group guarantee that any claims will not have a material impact on its business, financial position and results of operations. The Group also cannot accurately predict the cost of lawsuits or legal proceedings that it may file or that may be filed against it, or the final results of such lawsuits or the judgments issued therein and the compensations and penalties they include. Accordingly, any negative outcomes of such cases will negatively affect it, its financial position and future prospects.

2.1.45 Risks related to reliance on non-Saudi workers

The total number of employees of the Saudi Industrial Development Company (SIDC) is (135) employees, including (27) Saudi employees and (108) non-Saudi employees, i.e. a localization rate of (20%). The Company is classified as a medium-sized establishment (Category B) practicing the activity of (industries). The Company is currently included in the (low green) range of the Nitaqat Mutawar program.

As for the subsidiary company, the Global Sleeping Supplies Marketing Company Limited, it is classified within the (low green) range and is a medium-sized establishment (Category C) practicing the activity of (industries), such that the total number of its employees is (340) employees, including (83) Saudi employees and (257) non-Saudi employees, i.e. a localization rate of (25%).

As for Emmdad Logistic Services Company, it is classified within the (medium green) range and is a medium-sized establishment (Category B) practicing the activity of (land transportation and storage), such that the total number of its employees is (160) employees, including (36) Saudi employees and (124) non-Saudi employees, i.e. a localization rate of (22%). It may be difficult for the Company and its subsidiaries to maintain and retain the same percentage of Saudi workers in the future, and thus it will not meet the requirements of the “Nitaqat Developer” program. If the Company or any of its subsidiaries are unable to continue to comply with the requirements of the “Nitaqat” program, it may be classified within the red zone. In this case, the Company or any of its subsidiaries may be subject to a number of penalties, including:- Not allowing the expatriate workers working for it to change their professions

- Not allowing the transfer of expatriate workers’ services to it
- Not allowing the application of new visas
- Not allowing the issuance of work permits for new expatriate workers
- Not allowing the renewal of work permits for expatriate workers working for it

There is no guarantee that the Group will be able to secure the necessary labor or employ the required number of national workers according to favorable terms. In the event that the number of Saudi workers decreases, this will lead to a decrease in its overall Saudization rate, which will have a negative and material impact on the Group’s business, financial position, results of operations and future prospects.

2.1.46 Risks related to reliance on key employees and talent acquisition

The Group relies on the expertise and capabilities of key employees, and therefore the success of the Company and its subsidiaries may depend on its ability to ensure the continuity of these competencies and find alternatives for them in the event that they leave the Group. Accordingly, the Group is required to retain these competent employees or attract others with experience. To achieve this, the Group may have to bear the costs of financial fees for non-Saudi employees and bear the increase in the cost of living or part thereof directly or indirectly by raising their wages. On the other hand, the Group must attract and retain Saudi competencies to ensure long-term continuity by adhering to the laws and regulations of the Labor Law in the Kingdom of Saudi Arabia. In addition, in the event of any change in the policies and regulations in force in the Kingdom, this will affect the Group’s ability to attract and retain competencies. If the Group is unable to retain or attract competencies, this will have a material and negative impact on its business, financial position, results of operations and future prospects.

2.1.47 Risks related to employee behavior and errors

Although the Company and its subsidiaries have internal work regulations approved by the Ministry of Human Resources and Social Development, the Company or any of its subsidiaries cannot guarantee the avoidance of employee misconduct or errors such as fraud, intentional errors, embezzlement, fraud, theft, forgery, misuse of its property and acting on its behalf without obtaining the required administrative authorizations. Accordingly, such actions may result in consequences and responsibilities borne by the Company, or regulatory penalties, or financial liability, which will negatively affect the reputation of the Company and the Group, its operations and its financial position.

2.1.48 Risks related to reliance on the Ajeer platform to provide workforce

As of the date of this Prospectus, the Saudi Industrial Development Company has a number of (29) employees working for the Company under “Ajeer” licenses, representing (19.3%) of the total employees. The Company’s reliance on the Ajeer platform to secure a workforce available in the Saudi labor market will negatively impact the Company’s business in the event of any change or amendment to the laws and regulations governing this process and the Company being forced to find replacements for current employees. The Company may incur costs to attract new employees, which will have an impact on the Company’s operations, financial position, and future prospects.

2.1.49 Risks related to the company’s reputation

The Company’s reputation is critical to attracting and retaining new customers and building strong relationships with counterparties. The Company’s reputation may be harmed in the future as a result of a number of factors, including, but not limited to, a decline or modification in its financial results, legal or regulatory actions against the Company, or the conduct of one of its employees that may cause the Company to fail to comply with applicable regulatory requirements. Damage to the Company’s reputation will reduce the Company’s competitiveness and adversely affect its business, financial position, results of operations, earnings per share, and future prospects.

2.1.50 Risks related to amendments to International Financial Reporting Standards (IFRS) or the application of new IFRS in the future

The Company's audited consolidated financial statements for the financial years ended December 31, 2021G, 2022G and 2023G and the condensed consolidated financial statements (unaudited) for the financial period ended June 30, 2024G and the accompanying notes have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The Company is obligated to apply amendments or changes to the approved standards from time to time (for more information, please refer to subparagraph (5.5.1) "*Standards, Interpretations and Amendments to Existing Standards*" of paragraph (5.5) "*Basis of Preparation and Changes in Accounting Policies*" of Section (5) "*Financial Information and Management Discussion and Analysis*" of this Prospectus). Accordingly, any changes to these standards or the mandatory application of some of them may adversely affect the financial statements and consequently the Company's financial results and financial position.

2.1.51 Risks related to possible termination lease contracts concluded with the Royal Commission for Jubail and Yanbu and the Saudi Authority for Industrial Cities and Technology Zones (MODON)

As of the date of this prospectus, the Company has not obtained all-risk or personal accident insurance policies for which the lease agreement with the Royal Commission for Jubail and Yanbu places the Company under its responsibility. The subsidiary (Global Marketing Company for Sleeping System Limited) has not entered into a comprehensive insurance policy for the buildings, facilities, and equipment located on the land leased from MODON, covering their full value against fire and other risks, nor has it entered into third-party insurance with any insurance company licensed in the Kingdom, in accordance with the terms and conditions of several lease contracts concluded with MODON. The Company's failure to secure the insurance policies required under the lease contract with the Royal Commission for Jubail and Yanbu may result in it being deemed in violation of the terms of the contract, which constitutes a cause for default that would allow the Royal Commission for Jubail and Yanbu to terminate the contract. Furthermore, the subsidiary (Global Marketing Company for Sleeping System Limited)'s failure to secure the necessary insurance policies under the lease contracts concluded with MODON gives MODON the right to terminate them. If the lease contracts concluded with the Royal Commission for Jubail and Yanbu or MODON are terminated or not renewed, this will have a material impact on the business of the company and its subsidiary, as well as on the group's overall results of operations and future prospects.

2.1.52 Risks related to failure to publish financial statements and information and suspension of trading

In accordance with Paragraph (d) of Article (66) of the Rules on the Offer of Securities and Continuing Obligations, the issuer must prepare and review its annual financial statements in accordance with the accounting and auditing standards approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA), and disclose them to the public within a period not exceeding three (3) months from the end of the annual financial period covered by those statements. The issuer must disclose these financial statements no less than twenty-one (21) calendar days prior to the date of the issuer's annual general assembly. In accordance with Article (36) of the Listing Rules approved by Capital Market Authority Board Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G), and amended by Resolution No. (4-114-2024) dated 04/04/1446H (corresponding to 07/10/2024G), the Saudi Stock Exchange may suspend trading in an issuer's securities if the issuer fails to comply with the deadlines specified for disclosing its periodic financial information in accordance with the relevant implementing regulations. If the suspension of trading in securities continues for a period of (6) months without the issuer taking appropriate measures to rectify the suspension, the Capital Market Authority may cancel the listing of the issuer's securities. If trading in the issuer's securities is suspended, this will negatively impact the completion of the offering process and, consequently, the company's financial position and future prospects.

The Company was subject to a suspension of trading in its shares as a result of the company's failure to publish its financial statements for the year 2024H within the specified period. Based on the market powers stipulated in the Listing Rules and the procedures for suspending trading of listed securities, the Saudi Stock Exchange (Tadawul) announced the suspension of trading in the shares of the Saudi Industrial Development Company (SIDC) in the market for one trading session, corresponding to Thursday 05/10/1446H (corresponding to 03/04/2025G). Trading of the Company's shares will then resume for twenty (20) trading sessions. If the Company does not announce the publication of the financial statements within the aforementioned period, trading in the company's shares will be suspended again until it announces the financial statements. It is worth noting that the Company published its financial results for the year 2024H on the Saudi Stock Exchange website on 30/10/1446H (corresponding to 28/04/2025G).

2.1.53 Risks Related to Qualified Opinion in the Interim Condensed Consolidated Financial Statements (Unaudited) for the Six-Month Period Ended June 30, 2025G, and Non-Compliance with Certain Approved International Accounting Standards

On 15/03/1447H (corresponding to 07/09/2025G), the Company published its consolidated financial results for the six-month period ended June 30, 2025G. The interim condensed consolidated financial statements (unaudited) for the six-month period ended June 30, 2025G included a note in the auditor's report (Crowe Solutions for Professional Consulting) represented by a "Basis for qualified opinion" paragraph stated: "During the year ended December 31, 2023, the Company transferred the balance of the fair value reserve related to financial assets measured at fair value through other comprehensive income, pertaining to the Arabian Industrial Fibers Company (Ibn Rushd), with a balance of SAR 132.9 million as at the date of transfer, to the accumulated losses account prior to derecognizing the related asset. This accounting treatment is not in compliance with the requirements of International Financial Reporting Standard (IFRS) 9 'Financial Instruments' and International Accounting Standard (IAS) 1 'Presentation of Financial Statements', as endorsed and interpreted by the Saudi Organization for Chartered and Professional Accountants (SOCPA)", and an Emphasis of Matter paragraph stating: "We draw attention to Note (12) of the accompanying interim condensed consolidated financial statements, which indicates that the Group's accumulated losses amounted to SAR 267.7 million as at December 31, 2023G. The Board of Directors recommended a capital reduction and accumulated losses absorption; accordingly, the Extraordinary General Assembly meeting held on September 19, 2024G, approved a reduction in the Company's capital by SAR 265 million to extinguish the accumulated losses. Consequently, 26.5 million shares were cancelled, representing a reduction of 0.6625 shares per share as part of the capital restructuring. Our conclusion has not been modified in respect of this matter."

It is worth mentioning that the qualification relates to the timing of the transfer of the fair value reserve of financial assets measured at fair value through other comprehensive income, related to Arabian Industrial Fibers Company (Ibn Rushd), amounting to SAR (132.9) million as at the date of transfer, to the accumulated losses account before derecognition of the related asset. The risks resulting from the continuation of this qualification in future financial statements include the possibility of difficulty renewing the existing credit facilities under their current terms, as lenders may require re-pricing of the cost of these facilities or request additional guarantees or covenants. In addition, there are operational risks related to the requirements of working capital financing, as some of the Company's suppliers may tighten payment terms and credit periods. The potential financial impact is limited to a reclassification of items within equity, where the amount of SAR 132.9 million would be transferred back from the accumulated losses account to the fair value reserve of financial assets measured at fair value through other comprehensive income.

In this regard, it is worth noting that the Company received a notice from CMA on 26/02/1446H (corresponding to 22/06/2025G), which included a violation notice regarding the Company's non-compliance with Paragraphs 5.7.1 of Appendix B and 5.7.5 of IFRS 9 – 'Financial Instruments', due to its transfer of the accumulated fair value reserve of investments classified at fair value (Ibn Rushd) through other comprehensive income to retained earnings (accumulated losses) before derecognition of the asset. Additionally, the Company failed to comply with Subparagraph (b) of Paragraph (A11) of IFRS 7 – 'Financial Instruments', as it did not disclose the reason for choosing to present its investment at fair value through other comprehensive income. Furthermore, the Company did not comply with Subparagraph (e) of Paragraph (A11) of IFRS 7 – 'Financial Instruments', as it did not disclose the reason for transferring the cumulative loss related to its investment measured at fair value through other comprehensive income to retained earnings.

In the event the Company is unable to carry out the necessary corrective actions in the financial statements for the period ending 31/12/2025, and to ensure compliance with the accounting standards approved by SOCPA when preparing financial statements in the future, this will expose the Company to a number of regulatory risks, which may result in regulatory penalties accordingly.

The Company will conduct advisory studies in cooperation with certified accounting experts to examine the mechanism and corrective procedures necessary to reach an accounting treatment that complies with the accounting standards approved by SOCPA and to implement the recommendations of the advisory studies after agreeing with the auditor, in addition to updating the related specific disclosures within the financial statements. The Company will also seek, during the upcoming period, to explore the possibility of selling the asset represented by its investment in Ibn Rushd Company – as a separate strategic option – and in the event of the sale of the investment, this will lead to the removal of the qualification from its future financial statements.

It is also worth noting that SOCPA issued an advisory opinion No. (172) on 09/10/1446H (corresponding to 07/04/2025G), indicating that "it is not permissible to reclassify that reserve (the fair value reserve for financial assets measured at fair value through other comprehensive income) to profit or loss; rather, it is to be transferred to another account within equity rights (taking into account any regulatory requirements regarding the possibility of transferring to a specific account within equity rights). Thus, transferring that reserve before the derecognition of the related asset does not comply with those requirements.

During the year 2023G, the Group's Board of Directors decided to transfer the amount of the fair value reserve for financial assets, totaling SAR 132.9 million, to the accumulated losses account. At the end of 2023G, the Group's management studied the situation of (Ibn Rushd) company, its financial results for the last three years, and its future projections. The results of the study, information, and financial results of (Ibn Rushd) confirmed their continued decline in the short term. Accordingly, the Group conducted the transfer from the fair value reserve account to the accumulated losses account within equity rights. Management based this on its understanding of IFRS 9 (Financial Instruments) which states that "amounts classified in other comprehensive income cannot subsequently be transferred to the income statement (profit or loss); however, the entity may transfer profit or loss within equity".

For governance and transparency purposes, the Company will re-evaluate or amend this treatment upon availability of additional information or upon completion of subsequent accounting procedures, in a manner that enhances compliance of the accounting treatment and presentation with the requirements of approved IFRS and recognized professional practices.

As indicated above, the Company is working on preparing consulting studies in cooperation with certified accounting experts to explore the mechanisms and corrective accounting treatments in line with the accounting standards approved by SOCPA. Among the possible corrective accounting treatments to address the financial statements are:

- Making a retrospective correction, by adjusting the balances of accumulated losses and fair value reserve, and restating the comparatives for the years 2023G, 2024G, and Q2 2025G.
- Making a correction in the financial statements for the period ending 31 December 2025G, with reclassification of comparatives, by adjusting the balances of accumulated losses and fair value reserve, along with reclassification and explanatory disclosures for comparatives.
- Derecognition of the investment through actual disposal (sale), without the need for any accounting entries related to the fair value reserve.

The continuation of accounting treatments that are not compliant with IFRS will negatively affect the financial statements and may expose the Group to regulatory notifications or violations from relevant regulatory authorities, which may in turn negatively affect the Group's financial position and its future operational results.

2.2 Risks Related to the Market and Industry

2.2.1 Risks related to potential geopolitical risks affecting the operations of the group's subsidiaries

The majority of the Group's subsidiaries' operations are concentrated in the Kingdom of Saudi Arabia, in addition to the Group's core operations in the Arab Republic of Egypt. Therefore, the Group's financial performance depends on the prevailing economic and political conditions in the Kingdom and the Arab Republic of Egypt, in addition to the global economic conditions that in turn affect their economies. Since the Group has a subsidiary in the Arab Republic of Egypt and therefore major operations and suppliers outside of it, the Group is generally exposed to economic and geopolitical risks in this country. The activities of the Group's subsidiaries are exposed to various financial risks, including: market risks (including currency risks, fair value and interest rate risks on cash flows and price risks), credit risks and liquidity risks. The oil sector continues to represent the largest share of the Kingdom's gross domestic product. Fluctuations in oil prices may occur, which will negatively affect the Kingdom's economy. These factors may have a negative impact on the Kingdom's economy, which will have a material and negative impact on the Group's business, results of operations, financial position and future prospects. Fluctuations in some economic factors, such as the availability of credit to consumers, interest rate levels, unemployment rates, salary levels and taxes, on consumer spending and the cost of water and electricity consumption, and the partial or complete cancellation of support provided by the Saudi government for some materials, may also affect demand for the Group's products. If the Group is unable to respond to market changes, its business, results of operations, financial position and future prospects will be adversely and materially affected. In addition, many countries in the Middle East are currently experiencing political or security instability, and it is not certain that diplomatic relations with those countries or other countries, or the prevailing economic and political conditions therein, will not have a negative impact on the economy, foreign direct investment, or financial markets in the Kingdom in general, or on the Group's business, results of operations, financial position and future prospects. Unforeseen material changes in the political, economic or legal environment in the Kingdom, any other countries in the Middle East or any countries in which the Group or its key suppliers operate may occur, including, but not limited to, normal market fluctuations, economic recessions, insolvency, rising unemployment rates, technological shifts and other developments. In addition, significant changes in tax, trade, tariff or commercial policies between the Kingdom and other countries, or any changes in domestic policies, such as the imposition of unilateral tariffs on imported products, and any negative opinions towards the Kingdom as a result of increased customs tariffs on imports and other changes in trade regulations in the Kingdom, could result in a significant increase in the Group's costs, restrict the Group's access to suppliers and reduce economic activity. The occurrence of any of the factors set out above would have a material adverse effect on the Group's business, results of operations, financial condition and future prospects.

2.2.2 Risks related to the decline in consumer spending due to poor economic conditions

Any decline in general economic conditions, wages, availability of consumer credit, or increases in interest rates and tax rates, including the introduction of value-added tax or political events that could reduce consumer spending in any of the geographies in which the company operates, can have a negative impact on its sales. In addition, some competitors in such circumstances may resort to reducing the prices of products and promoting them, which in turn increases the pressure on the company, which would negatively and materially affect the company's business and the group in general, its financial position, results of operations and future prospects.

2.2.3 Risks Related to the Group's Operations Being Subject to Environmental, Health and Safety Laws and Regulations.

The Group's operations are subject to a wide range of environmental, health and safety laws and regulations in the Kingdom, which increasingly impose stringent standards that the Group must adhere to on an ongoing basis. The costs of compliance with these laws and regulations and the resulting fines can be significant, and compliance with new and stringent standards requires additional capital expenditures or changes in operating practices. Environmental, health and safety incidents may arise outside the Group's control. For example, the Group's operations may

result in a number of waste materials and pollutants that, if not properly controlled and managed or left untreated or unmanaged, could lead to the risk of environmental pollution. Failure to fully comply with environmental legislation and regulations may result in the closure of the Group's industrial facilities, and may expose it to fines or penalties imposed by regulatory authorities that will adversely affect its operations, limiting its revenue growth or suspending its operations or the licenses under which it operates, and this will affect its ability to conduct its business and thus adversely affect its financial results and profitability.

2.2.4 Risks Related to Non-Compliance with Existing Rules and Regulations and/or the Issuance of New Rules and Regulations

The Group is under the supervision of a number of government entities in the Kingdom of Saudi Arabia and is therefore exposed to the risks of changes in laws, regulations, circulars and policies in the Kingdom. In the event of changes to existing laws or regulations or the issuance of new rules or regulations, the Group will incur additional unforeseen financial expenses for purposes related to compliance with such regulations and meeting the requirements of such regulations.

By virtue of its business, the Group has committed a number of irregularities, including, for example:

- National Center for Environmental Compliance (non-compliance with the requirements of the environmental license, practicing the activity without obtaining an environmental permit, failure to submit the environmental record)
- Saudi Authority for Industrial Cities and Technology Zones (non-compliance with security and safety requirements and statutory duties specified for buildings)
- General Directorate of Traffic (no valid insurance or exceeding the speed limit)
- Zakat, Tax and Customs Authority (floor fine)
- Ministry of Municipalities and Housing (not renewing an exhibition license, placing an advertising banner before obtaining a license)
- Ministry of Human Resources and Social Development (Delay in Renewal of Residency)
- Civil Defense (lack of safety certificate)
- Transport General Authority (lack of operating card)
- Industrial Development Authority (Egypt) (Non-renewal of factory licenses)
- Customs Authority (Egypt) (Delay in submitting income tax return, amendment of waybill data)
- General Directorate of Traffic Information Regulation (Egypt) (speeding, parking in non-designated parking spaces)

The Company and its subsidiaries have incurred fines as penalties as a result of these violations, amounting to (26.3) thousand Saudi Riyals, (65.6) thousand Saudi Riyals, (131.4) thousand Saudi Riyals and (60) thousand Saudi Riyals as of 31 December 2021G, 2022G, 2023G and 30 June 2024G respectively. Subjecting the Group to penalties and fines imposed by the competent supervisory authorities in the event that it does not comply with them on an ongoing basis, will have a negative impact on its business, results of operations, financial position and future prospectus.

2.2.5 Risks Related to Competition and the Company's Market Share

The furniture, mattresses, ceramics and other sectors in which the Group operates are characterized by multiple competitors, as the Company and its subsidiaries compete with other companies such as small local companies serving local markets and large companies serving local, regional and international markets. The Group may face competing entities that may have greater financial, technical and research resources than the Group, or possess development, marketing and distribution capabilities that exceed the Group's capabilities. These companies may also have a longer operating history, a larger customer base, or broader and deeper market coverage. As a result, the Group's competitors may be able to respond faster and more effectively than the Group when new or advanced opportunities, technologies, standards or user requirements emerge, and they may be able to withstand regulatory changes and developments in the sector. Competition in the sectors in which the Group's companies operate depends on a number of competitive factors, including price, quality, geographic presence, innovation and customer service. There are also a number of different competitive factors that would have a material adverse effect on the Group's business, results of operations and financial condition, if they occur, including:

- Changes in laws and regulations or in government policies,
- The adoption of aggressive pricing strategies, popular merchandise mix, innovative store formats or retail methods by the Group's current and future competitors.
- The entry of new competitors into the Group's current markets and increased competition from other international and local players, including other retailers.
- The merger of two or more competitors or the formation of strong alliances or the offering of higher quality services at lower costs as a result of increased efficiency.
- The use of innovative methods of selling by competitors in their own stores.

Some of the Group's competitors, particularly large companies, may have low labor and overhead cost structures and may therefore be able to offer their products at lower prices than the Group. In addition, some competitors may have financial, technical and human resources that

exceed those of the Group. The Group cannot guarantee that its competitors will not develop their expertise and resources in order to offer products that are superior to the products offered by the Group in price and quality. There is also no assurance that the Group will be able to maintain or enhance its competitive position in the markets in which it offers its products or maintain its customer base at the same current levels.

It is worth noting that, as a result of the dumping policy, the Group's sales were affected by a decrease of (13.4) million Saudi Riyals, (12.7) million Saudi Riyals, (11.9) million Saudi Riyals, and (3.8) million Saudi Riyals during the financial years ending December 31, 2021G, 2022G, 2023G, and the six-month period ending June 30, 2024G, respectively. The Group's financial and operational performance was also affected by an increase in net loss of (5.0) million Saudi Riyals, (8.0) million Saudi Riyals, (23.4) million Saudi Riyals, and (5.0) million Saudi Riyals during the financial years ending December 31, 2021G, 2022G, 2023G, and the six-month period ending June 30, 2024G, respectively.

If the Group is unable to meet these competitive challenges, this will have a material adverse effect on its business, financial condition, results of operations and future prospects.

2.2.6 Risks associated with the Competition Law

The Competition Law issued by Royal Decree No. (M/75) dated 29/06/1440H (corresponding to 06/03/2019G) and its implementing regulations issued by the General Authority for Competition pursuant to Resolution No. (337) dated 25/01/1441H (corresponding to 24/09/2019G) prohibit practices that have an objective or effect that violates competition, including the practice of setting prices for goods, service fees, or terms of sale or purchase. In the event that the General Authority for Competition decides to subject any of the group's companies to investigations, or it is found that the group is violating the applicable competition regulations, fines may be imposed against it up to (10%) of the total annual sales subject to the violation, or not exceeding (10) million Saudi Riyals when it is impossible to estimate these sales. The Committee may, in cases it deems appropriate, decide on violations of the Competition Law by imposing a fine not exceeding three times the profits achieved by the violator as a result of the violation and requesting the temporary or permanent suspension of the activity of the violating company (partially or completely), in the event of a repeat violation. The occurrence of any of the above risks could have a negative and material impact on the Group's business, financial position, results of operations and future prospects.

2.2.7 Risks related to energy, electricity products and related services

The Group's operations depend on the availability of energy and electricity products, so any interruption or reduction in the supply of these products or any increase in their prices would significantly affect the volume of production and the degree of profitability of operations, which would lead to a reduction in its profit margins and thus negatively affect its business, financial position, results of operations and future prospects.

2.2.8 Risks Related to value-added tax VAT

The Council of Ministers decided on 02/05/1438H (corresponding to 30/01/2017G) to approve the Unified Agreement of Gulf Cooperation Council Value added Tax (GCC) countries, which came into effect as of January 1, 2018. This law imposes a value added tax of (5%) on a number of products and services as a new tax added to the rest of the other taxes and fees on specific sectors in the Kingdom, including the sector in which the company operates. On 25/09/1441H (corresponding to 18/05/2020G), an increase in the value added tax rate from (5%) to (15%) was approved, and it came into effect as of 10/11/1441H (corresponding to 01/07/2020G). Accordingly, the company must adapt to the changes resulting from the implementation of value added tax, which includes its collection and delivery. Any violation or incorrect application of the tax law by the company's management will expose it to fines or penalties or damage the company's reputation, which will also increase operating costs and expenses, which could reduce the company's competitive position and the level of demand for its products, which will have an impact on the company's results of operations and future prospects.

2.2.9 Risks related to the imposition of new fees or taxes

Although the Company is not currently subject to any type of taxes other than the Zakat and Value Added Tax (VAT) of (15%) on the fees for services and prices of products provided by the Company, it is possible that other fees or taxes will be imposed on companies by the government in the future. Accordingly, if new taxes are imposed on companies or fees other than those currently applicable, this will negatively affect the Company's net profits.

2.2.10 Risks Related to government fees applied to the employment of non-Saudi employees

During 2016, the government approved a number of decisions aimed at implementing comprehensive reforms to the labor market in the Kingdom of Saudi Arabia, including the approval of imposing additional fees for each non-Saudi employee working for a Saudi entity as of 01/01/2018G, amounting to four hundred (400) Saudi Riyals per month for each non-Saudi employee for the year 2018, increasing to six hundred (600) Saudi Riyals per month for the year 2019G, and then to eight hundred (800) Saudi Riyals per month for the year 2020G. This increase led to an increase in the group's costs in general, which negatively affects its business, financial performance, and results of operations. In addition, the government-imposed fees for issuing and renewing residency permits for dependents and companions of non-Saudi employees

(companion fees), which became effective as of 01/07/2017G. It is worth noting that they gradually increased from one hundred (100) Saudi Riyals per month for each dependent in 2017, until they reached four hundred (400) Saudi Riyals per month for each dependent in 2020G. Accordingly, the financial compensation fees borne by the non-Saudi employee for his family lead to an increase in his cost of living, which may lead to him going to work in other countries where the cost of living is lower. If such a thing happens, the group will face difficulty in maintaining its non-Saudi employees, which may force it to bear those costs for non-Saudi employees or part of them directly, or indirectly by raising the wages of its non-Saudi employees, which will lead to an increase in the group's costs, which will negatively affect its operating results.

It is also worth noting that on 18/03/1442H (corresponding to 04/11/2020G), the Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia launched the Contractual Relationship Improvement Initiative, which came into effect on 29/07/1442H (corresponding to 14/03/2021G), and aims to support the vision of the Ministry of Human Resources and Social Development in building an attractive labor market, empowering and developing human competencies, developing the work environment, and abolishing the sponsorship system, as the initiative provides three main services: job mobility service, developing exit and return mechanisms, and final exit. The initiative's services include all expatriate workers in private sector establishments within specific controls that take into account the rights of both parties to the contractual relationship and the terms of the contract between the employer and the expatriate worker. The job mobility service allows the expatriate worker to move to another job upon the expiration of his employment contract without the need for the employer's approval. The initiative also specifies the mechanisms for moving during the validity of the contract, provided that the notice period and the specified controls are adhered to. Accordingly, upon the entry into force of this initiative, the company does not guarantee that it will maintain its non-Saudi workforce and renew their contracts on satisfactory terms for them, which will prompt them to move to another job in accordance with the mechanisms referred to above. If the Company is unable to maintain its non-Saudi workforce or find replacements for them with the same required skills and experience, this will lead to an increase in the financial cost to the Company, which will negatively and fundamentally affect the company's business, financial results and future prospects.

2.2.11 Risks Related to Currency Exchange Rates

The currency risk is due to fluctuations in financial investments due to changes in exchange rates. Companies exposed to currency exchange risk often have transactions with parties outside the Kingdom and in the currencies of those parties. Note that most of the Group's operations are conducted in Saudi riyals and a substantial portion of its revenues are generated from customers in the local market and in the local currency. When the Group collects any amounts from sales of its products or conducts transactions in a foreign currency, it may be exposed to exchange rate risks. It is worth noting that the Group's average sales in the Egyptian market amounted to (17.6%) of the Group's total sales during the financial years ending December 31, 2021G, 2022G, 2023G and the six-month period ending June 30, 2024G.

It is worth noting that the exchange rates of the Egyptian pound to the Saudi riyal witnessed an average decline of (36.5%) and (20%) during the years 2022G and 2023G, respectively. These fluctuations resulted in the recognition of currency translation differences in the group's financial statements, which directly affected the group's profitability, as the group incurred losses from currency translation differences amounting to (3.1) million Saudi riyals, (2.7) million Saudi Riyals, and (1.6) million Saudi Riyals for the years 2022G and 2023G, and the six-month period ending June 30, 2024G, respectively.

The continuation of these fluctuations in exchange rates will negatively affect the Group's financial performance (for more information on currency exchange rate risks, please refer to subparagraph (2.1.10) "Risks related to the Group's exposure to foreign currency fluctuations and unrealized losses" of paragraph (2.1) "Risks related to the Company's activity and operations" of this prospectus).

2.3 Risks Related to the Offered Securities

2.3.1 Risks related to potential fluctuation in the price of rights issue

The Rights' market price may be subject to significant fluctuations due to the change in factors affecting the Company's Shares. These fluctuations may be significant due to the difference between the permissible daily fluctuation rate (which is 10% increase or decrease from the closing price of the previous day) In addition, the trading price of Rights depends on the trading price of the Company's Shares and the market's perception of the fair price of the Rights. These factors may negatively affect the trading price of the Rights.

2.3.2 Risks related to potential fluctuations in share price

The market price of the Company's Rights during the Offering period may not be indicative of the market price of the Company's Shares after the Offering. In addition, the Company's share price may not be stable and could be significantly affected by fluctuations resulting from a change of market conditions in connection with the Rights Issue or the Company's existing Shares. These fluctuations may also result from several factors including, but not limited to: market conditions related to shares, poor performance of the Company, inability to implement future plans, entry of new competitors into the market, announcements by the Company or its competitors concerning mergers, acquisitions or strategic alliances changes made in the vision or estimations of experts and securities analysts concerning the market.

There is no guarantee that the market price of the Company's Shares will not fall below the Offer Price. If this occur after the investors subscribe for New Shares, such subscription may not be canceled nor amended; subsequently, the investors may immediately incur losses. Moreover, there is no guarantee that a Shareholder will be able to sell his Shares at a price equal or higher than the Offer Price after subscribing for the New Shares. Moreover, selling substantial quantities of Shares by the shareholders after the offering, or the expectation that these sales will occur, may negatively affect the share price in the market. In addition, investors may not be able to sell their Shares in the market without such negatively adversely affecting the share's price.

2.3.3 Risks related to unprofitability or sale of rights

There is no guarantee of profitability of the share by trading it at a higher price. In addition, there is no guarantee that it will be sold at all, which indicates that there is no guarantee of sufficient demand in the market to exercise the Rights Issue or receive compensation from the Company.

2.3.4 Risks related to forward-looking statements

The future results and performance data of the Company cannot be actually predicted and may differ from those contained in this Prospectus. As for the Company's achievements and ability to improve determine the actual results, which can't be expected or determined. The inaccuracy of the data and results is one of the risks that the shareholder must be aware of so that it doesn't impact his investment decision. In the event that future results and performance data are substantially different from the information included in this Prospectus, such will lead to shareholders losing part or all of their investments in the Company's shares.

2.3.5 Risks related to the issuance of new shares

The issuance of any new shares (other than the Rights Issue mentioned in this Prospectus) by the Company depends on the approval of the EGA of shareholders. In the event that the Company decides to issue New Shares as Rights Issue to increase its capital, and the EGA of shareholders approves this decision, and shareholders do not exercise their rights of subscribing to the New Shares, the ownership of shares will proportionately decrease, along to their associated voting rights and entitlement to dividends which will affect the market price of the share.

2.3.6 Risks Related to lack of demand for Company's shares and rights

There is no guarantee that there will be sufficient demand for the Rights Issue during the Trading Period to enable the Rights Issue holder (whether it is a Registered Shareholder or a new investor) to sell Rights and make a profit, or to sell the Rights in general. Moreover, there is no guarantee that there will be sufficient demand for the Company's shares by institutional investors during the Rump Offering Period. If institutional investors do not submit purchase offers for the Rump Shares at a high price, there may not be sufficient compensation to be distributed to Rights Issue holders who did not exercise their right to subscribe or to holders of fractional shares. Furthermore, there is no guarantee that there will be sufficient demand in the market for the shares obtained by a subscriber either through the exercise of the Rights Issue, the Rump Offering or through the open market.

2.3.7 Risks related to decrease in ownership percentages

If the holders of the Rights Issue do not fully subscribe to the New Shares, their ownership percentage and voting rights will be reduced. In the event that the registered holder of the Rights Issue wishes to sell their Rights during the trading period, there can be no guarantee that the returns he receives will be sufficient to fully compensate him for the decrease of its ownership percentage in the Company's capital as a result of its capital increase. There is also no guarantee that there will be a compensation amount distributed to eligible shareholders who did not exercise their right to subscribe or to holders of fractional shares in the event that the investment institutions during the remaining offering period did not submit offers for the remaining shares at a high price, or if the compensation amount (if any) is sufficient to compensate for the decrease in the percentage of ownership in the Company's capital.

2.3.8 Risks Related to failure to exercise the Rights Issue in a timely manner

The subscription phase starts on ** / ** / **** H (corresponding to ** / ** / **** G) and ends on ** / ** / **** H (corresponding to ** / ** / **** G). Right owners and financial intermediaries shall take appropriate measures to follow all necessary instructions before the end of the Subscription Period. If Eligible Persons are not able to properly exercise their subscription rights by the end of the Subscription Period according to the Rights Issue they hold, there can be no guarantee that a compensation amount will be allocated to Eligible Persons who have not participated or who did not carry out the procedures to exercise the subscription properly nor to the owners of fractional shares.

2.3.9 Risks related to the distribution of dividends to shareholders

Future dividends depend on several factors, including the Company's profitability, maintaining its strong financial position, capital needs, distributable reserves, the credit strength available to the Company and general economic conditions. Moreover, increasing the Company's capital –may lead to a decrease in earnings per share in the future on the grounds that the Company's profits will be distributed among a larger number of shares as a result of the increase in its capital.

The Company does not guarantee any dividends distribution on the shares will actually be made, nor does it guarantee the amount that will be distributed in any given year. The distribution of dividends is also subject to some conditions and restrictions stipulated in the Company's Bylaws.

2.3.10 Risks related to speculation in Rights Issue

Speculation in Rights Issue is subject to risks that could cause substantial losses. The permissible daily fluctuation range for Rights Issue trading price exceeds the permissible daily fluctuation range for the market price (which represents in 10% increase and decrease of the closing price of the previous day). There is a direct relationship between the Company's share price and the Right's indicative value. Accordingly, the indicative value of rights reflects the difference between the market value of the Company's share during the trading period and the Offer Price. If the shareholder doesn't sell, he will have two options, either to exercise these Rights to subscribe for the New Shares before the end of the Subscription Period, or to refrain from exercising these Rights. In the event of not exercising the Rights, the investor may be subject to a loss or decrease in the value of his investment portfolio, or profit if he sells shares during the Rump Offering Period at a price higher than the Offer Price. Therefore, investors must review the full details of the mechanism of listing and trading new Rights and Shares and their method of operation, and become familiar with all the factors affecting them, in order to ensure that any investment decision is based on full awareness, (for additional information, please refer to Section No. (12) "*Information Related to the Shares and Offering Terms and Conditions*" of this Prospectus).

2.3.11 Risks related to shareholders' limited awareness of the trading mechanism and exercise of rights issue

Trading Rights Issue is a new market for some investors in Tadawul, and as a result, many investors may not be familiar with the trading mechanism in it, which reflects negatively on their desire to invest in and trade rights. If this happens, their percentage of ownership in the Company will decrease, which will lead to a negative impact on those who did not exercise their subscription rights, especially if no compensation is distributed to them, particularly when the investment institutions do not submit their offers at a price higher than the Offer Price during the remaining offering period.

2.3.12 Risks related to suspending trading or cancelling the company's shares as a result of not publishing its financial statements within the regulatory period

In the event that the Company fails to publish its financial information within the statutory period (thirty days from the end of the financial period for the initial financial statements, and three months from the end of the financial period for the annual financial statements), the procedures for suspending the listed securities will be applied in accordance with the listing rules which states that the Market suspends the trading of securities for a period of one trading session following the end of the statutory period. If the financial information is not published within twenty trading sessions following the first suspended trading session, Saudi Stock Exchange (Tadawul) will announce the re-suspension of the Company's securities until it announces its financial results. In case the suspension of trading the Company's shares continues for a period of six months, and the Company didn't take the appropriate measures to rectify the suspension, the Authority may cancel the listing of the Company's securities. The Saudi Stock Exchange (Tadawul) will lift the suspension after one trading session has passed following the announcement of the Company's financial results. However, if the Company delays or fails to announce its financial results, or if it fails to publish them within the abovementioned statutory period, the Company's shares will be suspended or the listing of its shares will be cancelled. Such will negatively and substantially affect the interest of the Company's shareholders and reputation and the operations' results.

In addition, the Authority may cancel the offering of the Company's Rights Issue Shares if it deems that the offering may not be in the interest of the shareholders.

3. Company Overview and Nature of Business

3.1 Company Overview

- Saudi Industrial Development Company, is a Saudi Public Joint Stock Company, established pursuant to Ministerial Resolution No. (1004) dated 13/09/1412H (corresponding to 18/03/1992G) to license its establishment and Ministerial Resolution No. (673) dated 20/06/1413H (corresponding to 15/12/1992G) to announce its establishment. The Company is registered in the joint-stock companies register in the city of Jeddah under the Commercial Registration No. (4030092792) dated 17/07/1413H (corresponding to 10/01/1933G).
- The Company's Head Office is located in the city of Jeddah – Prince Mohammed bin Abdulaziz Street – P.O. Box 12105 – Jeddah 21473.

3.2 Capital

- The Company's current capital is one hundred thirty-five million (135,000,000) Saudi Riyals, divided into thirteen million five hundred thousand (13,500,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, fully paid.

3.3 Substantial Shareholders

- As of the date of this Prospectus, the Company does not have any substantial shareholders (who own 5% or more of the Company's shares).

3.4 Key Changes in the Company's Capital

- On 20/06/1413H (corresponding to 15/12/1992G), the Company was established with an initial capital of four hundred million (400,000,000) Saudi Riyals divided into four million (4,000,000) shares of equal value, each with a nominal value of one hundred (100) Saudi Riyals. The (378) founding shareholders subscribed to one million, five hundred and thirty-one thousand (1,531,000) shares at a value of one hundred fifty-three million and one hundred thousand (153,100,000) Saudi Riyals, representing (38.275%) of the total capital, and this amount was deposited in the bank, while the remaining two million four hundred and sixty-nine thousand (2,469,000) shares with a nominal value of one hundred (100) Saudi Riyals per share with a total value of two hundred forty-six million nine hundred thousand (246,900,000) Saudi Riyals, representing (61.725%) of the Company's shares, were offered to the public for subscription.
- On 10/08/1413H (corresponding to 02/02/1993G), the Company's shares were fully registered and listed in the Main Market with four million (4,000,000) shares with a value of one hundred (100) Saudi Riyals each with a total value of four hundred million (400,000,000) Saudi Riyals, so that the founding shareholders subscribed for (38.275%) of the capital and (61.725%) of the capital was offered for public subscription.
- On 29/02/1419H (corresponding to 23/06/1998G), the Extraordinary General Assembly approved the amendment of Article (7) of the Bylaws by amending the nominal value of the share from one hundred (100) Saudi Riyals to fifty (50) Saudi Riyals. As a result, the Company's capital becomes four hundred million (400,000,000) Saudi Riyals divided into eight million (8,000,000) shares of equal value, each with a nominal value of fifty (50) Saudi Riyals, all of which are ordinary and cash shares.
- On 17/03/1427H (corresponding to 15/04/2006G), the Company's shares were split from eight million (8,000,000) shares to forty million (40,000,000) shares based on the Resolution of the Council of Ministers on 27/02/1427H (corresponding to 27/03/2006G), which set the nominal value of shares in joint-stock companies at ten (10) Saudi Riyals per share.
- On 16/03/1446H (corresponding to 19/09/2024G), the Extraordinary General Assembly approved the Board of Directors' recommendation to reduce the Company's capital from Four Hundred Million (400,000,000) Saudi Riyals to one hundred thirty-five million (135,000,000) Saudi Riyals, for the purpose of restructuring the capital by extinguishing accumulated losses amounting to two hundred and sixty-five million (265,000,000) Saudi Riyals from the Company's total accumulated losses.

3.5 Founding Shareholders

- The Company's capital upon incorporation was set at four hundred million (400,000,000) Saudi Riyals, divided into four million (4,000,000) shares of equal value, each of which is worth one hundred (100) Saudi Riyals. The (378) founding shareholders subscribed to one million, five hundred and thirty-one thousand (1,531,000) shares worth one hundred fifty-three million and one hundred thousand (153,100,000) Saudi Riyals, representing (38.275%) of the total capital, and this amount was deposited in the bank. While the remaining shares amounting two million four hundred and sixty-nine thousand (2,469,000) with a nominal value of one hundred (100) Saudi Riyals per share with a total value of two hundred forty-six million nine hundred thousand (246,900,000) Saudi Riyals, representing (61.725%) of the Company's shares, were offered to the public subscription.
- The table below outlines the ownership of the Company upon incorporation:

Table 5: Ownership Structure Upon Incorporation

Founding Shareholders	Nationality	Number of shares	Value of shares (Saudi Riyals)	Ownership Percentage
Saudi Basic Industries Corporation (SABIC)	Saudi	400,000	40,000,000	10%
(377) Founding Shareholder (Individuals & Companies) Each of them owns (3,000) shares	Saudi	1,131,000	113,100,000	28.275%
Total Founding Shareholders		1,531,000	153,100,000	38.275%
The Public (Subscribers)		2,469,000	246,900,000	61.725%
Total		4,000,000	400,000,000	100%

Source: The Company

3.6 Company's Vision

- We seek to be a leader in the manufacture and trade of home supplies and complementary activities in the Middle East and North Africa.

3.7 Company's Mission

- We work to understand the customer's desires and secure their needs through strategic partnerships with distinguished players in our fields of activity at the global level, and by effectively employing our distinguished brands and creating new unique brands.

3.8 Company's Strategy

- The Company's strategic objectives are:
 - Developing the investment portfolio: Diversifying our investments in high-growth industrial sectors to enhance returns.
 - Achieving industrial leadership: Gaining a large market share in targeted sectors locally and regionally.
 - Enhancing operational efficiency: Improving the operational performance of subsidiaries to increase profitability and achieve high levels of quality.
 - Adopting innovation and technology: Investing in advanced technologies and innovations to enhance long-term competitiveness.
 - Achieving sustainability and social responsibility: Achieving sustainable growth while committing to community and environmental development.
- The key strategic pillars are:

1. Targeted investment:

- Directing investments towards companies with high growth potential.
- Focusing on strategic sectors such as advanced manufacturing and building materials.
- Expanding the portfolio through acquisitions and strategic expansion.

2. Improving operational processes:

- Applying unified operational standards to raise operational efficiency across subsidiaries.
- Improving supply chains and reducing costs to achieve the highest levels of performance.
- Adopting effective governance policies to ensure transparency and efficiency in all operations.

3. Geographic Expansion:

- Targeting new markets with high growth opportunities in the industrial sector.
- Strengthening regional and international presence through strategic partnerships and alliances.

4. Developing Human Capital:

- Attracting and retaining distinguished talents.
- Investing in training and development to enhance leadership and technical capabilities.
- Creating a work environment that contributes to encouraging innovation and creativity.

5. Promoting Sustainability:

- Adopting environmentally friendly and sustainable industrial practices.
- Achieving a balance between profitability and commitment to our responsibilities towards society and the environment.
- Applying strict quality standards in production and manufacturing to ensure the safety of products and practices.

6. Investment Structure:

- Subsidiaries: Focus on companies that have the ability to achieve sustainable growth and profitability.
- Joint companies: Building strategic partnerships with global companies to benefit from their expertise and technologies.

7. Key Performance Indicators:

- Annual Revenue Growth Rate: Measuring the annual growth rate of the group's total revenues.
- Profitability Margin: Ensuring a profit margin that exceeds industry standards.
- Return on Investment Rate: Achieving a return on investment rate that is consistent with growth objectives.
- Market Share: Measuring the level of expansion and growth in target markets.
- Sustainability Indicators: Achieving sustainability objectives and commitment to environmental practices and social responsibility.

8. Implementation Mechanisms:

- Forming strong leadership teams: Specialized teams at the Head Office to ensure that strategies and objectives are achieved efficiently.
- Using advanced technical systems: to analyze performance, manage operations, and follow up on strategy implementation.
- Holding periodic meetings: to review performance, evaluate progress, and correct course when needed.
- Preparing contingency plans: to deal with sudden challenges and changes in the market.

9. Strategy Review and Evaluation:

- Conduct annual reviews to assess the extent to which objectives have been achieved and determine the necessary adjustments.
- Periodically evaluate key performance indicators to measure actual performance against strategic objectives.

3.9 Company's Strengths and Competitive Advantages

- Diversification of investment in promising industrial sectors.
- Growth opportunities in emerging markets enhance expansion and increase returns.
- Increasing demand for advanced manufacturing provides opportunities for investment in industrial innovations.
- Being a public shareholding company gives it diverse financing capabilities.
- Strength of the company's owned brands.

3.10 Company's Main Activities

- According to its commercial registration certificate, the Company's activities include: Management of subsidiaries of holding companies – Manufacturing sanitary supplies from ceramic including washbasins, bathtubs, toilets, etc. – Manufacturing of sponge products.
- As per article (3) of the Bylaws, the Company's activities include:
 1. Manufacturing industries.
 2. Construction.
 3. Wholesale and retail trade, motor vehicles and motorcycles repair.
 4. Transportation and storage.
 5. Financial and insurance activities.
 6. Administrative and support services.
 7. Professional, scientific, and technical activities.
 8. Real estate activities.
- The Company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any
- The Company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any (for more information, please refer to paragraph (9.5) "**Key Licenses, Certificates and Approvals**" of Section (9) "**Legal Information**" of this Prospectus).
- As for the activities carried out by the Company and its subsidiaries, it includes:
 1. Sanitary ware: Production of sanitary ware by SIDC Ceramic Factory "CASAVIA" branch of the Saudi Industrial Development Company "SIDC", which produces a series of products including ceramic sanitary ware and acrylic bathtubs, and the maximum production capacity of the factory annually (800) thousand pieces of sanitary ware and (120) thousand pieces of bathtubs (acrylic), all under the brand "Casavia".
 2. Mattresses and foam: Manufacturing of springs, sponges, beds, pillows, bed covers, polyester for mattress fillings, retail and wholesale trade, where a variety of mattresses of all kinds and sizes are produced with a maximum annual production capacity of (350) thousand units of mattresses, in addition to (350) thousand sleeping pillows, and (500) thousand cubic meters of raw sponge in various brands such as "Sleep High", "Sleepy", and "High Foam", in the Company's factories in the Kingdom of Saudi Arabia and the Arab Republic of Egypt.
 3. Logistics Services: Land transport of goods, operation of storage facilities for all types of goods, general warehouses that include a variety of goods, where the Company owns a fleet of more than (86) transport trucks and manages storage areas of up to (7,000) square meters in the main cities in the Kingdom (Riyadh – Dammam).
 4. Financial investments: includes portfolios dedicated to investing in the shares of banks and other joint-stock Companies traded in the Saudi stock market and the Arab Republic of Egypt.

3.11 Subsidiaries and Branches

- As of the date of this Prospectus, the Company has (5) subsidiaries inside and outside the Kingdom of Saudi Arabia as shown in the table below:

Table 6: Subsidiaries

Number	Subsidiary Name	Main Activity	Company Type	Country of Incorporation	Capital	Ownership Percentage
1	SIDC Commercial Investment Company	Wholesale of blankets, ready-made linens and sheets, wholesale of clothing accessories such as gloves, neckties, trouser bras as well as rosary, wholesale of home furniture and furniture, wholesale of perfumes, retail sale of blankets, sheets, linens and bedspreads, retail sale of sanitary ware and extensions such as washbasins, chairs, plunge pools, sauna appliances, retail sale of home furniture	Limited Liability Company	Kingdom of Saudi Arabia	10,000,000 Saudi Riyals	100% owned by the Saudi Industrial Development Company (SIDC)
2	SIDC Investment Projects Company	Wholesale of blankets, ready-made linens and sheets, wholesale of clothing accessories such as gloves, neckties, trouser bras as well as rosary, retail sale of blankets, sheets, linens and bedspreads, retail sale of commission agents without shops, ... Etc.	Limited Liability Company	Kingdom of Saudi Arabia	100,000 Saudi Riyals	Owned 100% by the Saudi Industrial Development Company "SIDC" with 95% directly and 5% indirectly through SIDC Commercial Investment Company
3	Global Marketing Company for Sleeping System Limited	Manufacturing of sponge products, furniture and wooden furnishings, furniture upholstery, customization of mattresses of all types, and general warehouses containing a variety of goods.	Limited Liability Company	Kingdom of Saudi Arabia	100,000,000 Saudi Riyals	Owned 100% by the Saudi Industrial Development Company "SIDC" with 95% directly and 5% indirectly through SIDC Commercial Investment Company.
4	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Production of bed linens, zipper mattresses, polyurethane fillers, embroidered and regular foam mattresses, production of Arab councils and sponges of various pressures, production of zipper mattress structures and accessories of simplified cotton, embroidered fabric of various sizes and pressures, ordinary and pressurized foam mattresses, production of car seat covers, polyester cushions, office sets, polyester for mattress filling, polyester clothed melodies, foam mattresses and polyester pillows, production of zippers, carina (coconut fiber), sponges and fabric embroidery, production of Moroccan furniture And wooden of all kinds, the production of all decoration requirements of various materials.	Limited Liability Company	The Arab Republic of Egypt	50,000,000 Egyptian Pounds (approximately equivalent to 32,774,000 Saudi Riyals according to the prevailing exchange rates at the time)	Owned 100% by the Saudi Industrial Development Company "SIDC" indirectly through: Global Marketing Company for Sleeping System Limited (98.5%) and SIDC Commercial Investment Company (1.5%)
5	Emmdad Logistic Services Company	Land transportation of goods, operation of storage facilities for all types of goods, and general warehouses that contain a variety of products.	Limited Liability Company	Kingdom of Saudi Arabia	9,000,000 Saudi Riyals	Owned 50% indirectly through Global Marketing Company for Sleeping System Limited

Source: The Company

- The Subsidiaries Companies in the Kingdom of Saudi Arabia have established branches (for more information, please refer to paragraph (9.5.2) "**Licenses, Certificates and Approvals related to Subsidiaries**" of paragraph (9.5) "**Key Licenses, Certificates and Approvals**" from section (9) "**Legal Information**").

3.12 Business interruption

- There was no interruption in the Company's business that could have had or would have had a material impact on the financial position during the last twelve (12) months.

3.13 Employees and Saudization

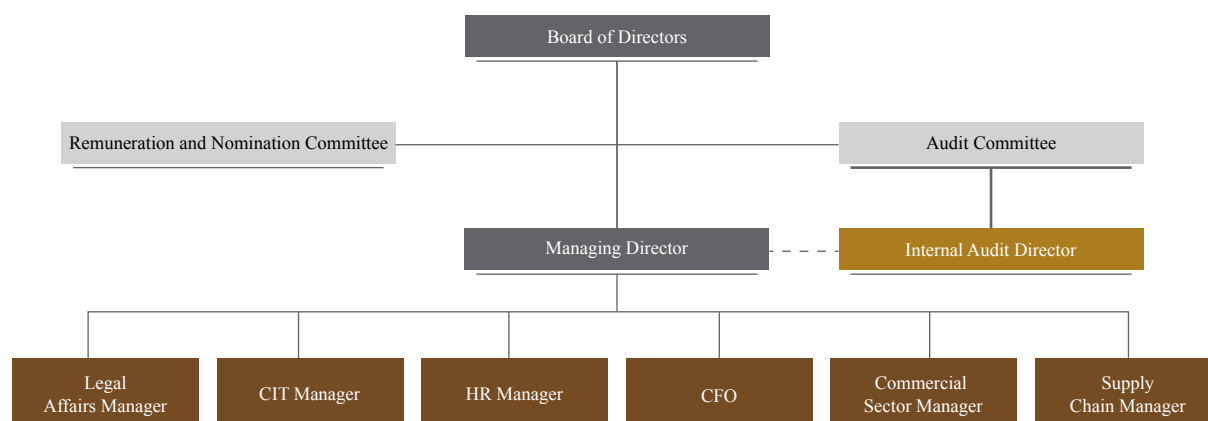
- As at the date of the Prospectus, the total number of employees in the Company is (135), including (37) Saudi employees and (108) non-Saudi employees, resulting in a Saudization percentage of (20%). The Company is classified as a medium-sized enterprise (Category B) engaged in the manufacturing sector and currently falls under the "Low Green" category of the Nitaqat Mutawar program.

4. Organizational and Administrative Structure

4.1 Company's Organizational Structure

The following figure shows the organizational structure of the Company.

Chart 1: The Company's Organizational Structure



Source: The Company

4.2 Board of Directors

- The table below shows the current composition of the Board of Directors as of the date of this prospectus:

Table 7: Composition of the Board of Directors

#	Name	Position	Nationality	Age	Membership Status	Date of Appointment*	Owned Shares					
							Direct Ownership		Indirect Ownership**		Total Ownership	Total Percentage
							Number	Percentage	Number	Percentage		
1	Abdulelah Mohamed Abdulrahman Alasakr	Board Chairman	Saudi	46	Non-executive	28/05/1443H (corresponding to 01/01/2022G)	337	0.0024963%	-	-	337	0.0024963%
2	E.ng Bandar Abdullah Ibrahim Alhomaiddhi	Vice Chairman of the Board and Managing Director	Saudi	47	Executive	28/05/1443H (corresponding to 01/01/2022G)	598,326	4.4320444%	35,934	0.2661786%	634,260	4.698223%
3	Ibrahim Abdullah Ibrahim Alhemaiddhi	Board Member	Saudi	58	Non-executive	28/05/1443H (corresponding to 01/01/2022G)	674,998	4.9999852%	272,090	2.0154847%	947,088	7.0154699%
4	Ahmed Abdullah Abdulrahman Alkanhal	Board Member	Saudi	51	Non-executive	28/05/1443H (corresponding to 01/01/2022G)	337	0.0024963%	-	-	337	0.0024963%
5	Ahmed Abdullah Abdulrahman Almohsen	Board Member	Saudi	49	Non-executive	28/05/1443H (corresponding to 01/01/2022G)	337	0.0024963%	-	-	337	0.0024963%

#	Name	Position	Nationality	Age	Membership Status	Date of Appointment*	Owned Shares					
							Direct Ownership		Indirect Ownership**		Total Ownership	Total Percentage
							Number	Percentage	Number	Percentage		
6	Saeed Taher Saeed Alzahrani	Board Member	Saudi	45	Non-executive	28/05/1443H (corresponding to 01/01/2022G)	337	0.0024963%	-	-	337	0.0024963%
7	Saleh Hamd Saleh Alshraim	Board Member	Saudi	47	Non-executive	28/05/1443H (corresponding to 01/01/2022G)	337	0.0024963%	-	-	337	0.0024963%
8	Naser Mashary Abdullah AlFarhoud	Board Member	Saudi	51	Independent	28/05/1443H (corresponding to 01/01/2022G)	354	0.0026222%	-	-	354	0.0026222%
9	Ali Ahmed Othman Al Dharwi	Board Member	Saudi	49	Independent	28/05/1443H (corresponding to 01/01/2022G)	1,012	0.0074963%	-	-	1,012	0.0074963%
10	Omar Bin Ibrahim Bin Abdullah Alnasser	Board Member	Saudi	63	Independent	28/05/1443H (corresponding to 01/01/2022G)	77	0.0005704%	-	-	77	0.0005704%
Secretary of the Board												
1	Muawiya Mustafa Abdelrahman	Secretary of the Board	Saudi	52	-	01/07/1446H (corresponding to 01/01/2025G)	-	-	-	-	-	-

Source: The Company

* On 23/04/1443H (corresponding to 28/11/2021G), the Ordinary General Assembly approved the election of the Board of Directors for the term starting from 28/05/1443H (corresponding to 01/01/2022G) for a period of three (3) years ending on 30/06/1446H (corresponding to 31/12/2024G). On 28/05/1443H (corresponding to 01/01/2022G), the Board of Directors decided to appoint Mr. Abdul Ilah Mohammed Abdulrahman Alasakr as Chairman, Eng. Bandar Abdullah Ibrahim Alhomaiddi as Vice Chairman and Managing Director and Mr. Muawiya Mustafa Abdulrahman as Secretary of the Board of Directors.

** The indirect ownership of the members of the Board of Directors through their ownership in companies that own shares in SIDC. As at the date of this prospectus, the members of the Board of Directors have indirect ownership as follows:

- The Vice Chairman of the Board of Directors and Managing Director, E.ng Bandar Abdullah Ibrahim Alhomaiddi, has an indirect ownership of (35,934) shares representing (0.2661786%) of the Company's total through: (1) his ownership of (6.034%) in the capital of Abdullah Ibrahim Alhomaiddi Sons Holding Company, which owns (93.255%) of the capital of Radstar Investment Projects Company, which in turn owns (4.4256963%) of SIDC's capital, and (2) his ownership of (6.034%) in the capital Abdullah Ibrahim Alhomaiddi Sons Holding Company, which owns (6.420%) of the capital of Radstar Investment Projects Company, which in turn owns (4.4256963%) of SIDC's capital.
- The Board Member Mr. Ibrahim Abdullah Ibrahim Alhomaiddi has an indirect ownership of (272,090) shares representing (2.0154847%) of the Company's total shares through: (1) his ownership of (45.689%) in the capital of Abdullah Ibrahim Alhomaiddi Sons Holding Company, which owns (93.255%) of the capital of Radstar Investment Projects Company, which in turn owns (4.4256963%) of the SIDC's capital, and (2) his ownership of (45.689%) in the capital of Abdullah Ibrahim Alhomaiddi Sons Holding Company, which owns (6.420%) of the capital of Radstar Investment Projects Company, which in turn owns (4.4256963%) of SIDC's Capital.

4.3 Board Committees

The Company's Board of Directors has formed an Audit Committee and a Remuneration and Nomination Committee in accordance with the requirements of the Companies Law, the Capital Market Authority Law and its implementing regulations, to assist the board in managing its duties more effectively, as follows:

4.3.1 Audit Committee

- On 01/07/1446H (corresponding to 01/01/2025G), the Board of Directors decided to form the Audit Committee for the current Board term, which begins on 01/07/1446H (corresponding to 01/01/2025G) for a period of three (3) years, ending on 03/08/1449H (corresponding to 31/12/2027G), with the following members:
 - Naser Mashary Abdullah AlFarhoud (Independent Board Member)
 - Ibrahim Abdullah Ibrahim Alhomaiddi (Board Member – Non-Executive)
 - Ahmed Abdullah Abdulrahman AlKanhal (Board Member – Non-Executive)
 - Ahmed Fouad Ahmed Al Baz (Non-Board Member)
- The Audit Committee shall be composed at its current session as follows:

Table 8: Members of the Audit Committee

Name	Position	Membership Status
Naser Mashary Abdullah AlFarhoud	Chairman of the Committee	Board Member – Independent
Ahmed Abdullah Abdulrahman Al-Kanhel	Committee Member	Board Member – Non-Executive
Ibrahim Abdullah Ibrahim AlHemaidi	Committee Member	Board Member – Non-Executive
Ahmed Fouad Ahmed Al-Baz	Committee Member	Member from outside the Board of Directors
Ahmed El-Sayed Ibrahim	Secretary of the Committee	Not Applicable

Source: The Company

• **Duties, powers and competencies of the Audit Committee**

According to Article (8) of the Audit Committee's Regulations, the committee shall study the topics that concern it or that are referred to it by the Board, and the committee shall be responsible for monitoring the Company's business and verifying the accuracy and integrity of the reports, financial statements and internal control systems, and the committee's duties include, in particular, the following:

Audit Committee Responsibilities:

1. Financial Reports:
 - Study the Company's interim and annual financial statements before presenting them to the Board of Directors and to express its opinion and recommendation thereon to ensure their integrity, fairness and transparency.
 - Provide technical opinion, at the request of the Board of Directors, whether the Board of Directors' report and financial statements are fair, balanced and understandable, and include information that allows shareholders and investors to evaluate the Company's financial position, performance, business model and strategy.
 - Study any important or unusual issues included in financial reports.
 - Thoroughly research any issues raised by the Company's chief financial officer, his assume, the Company's compliance officer or the auditor.
 - Verify accounting estimates on material matters contained in financial reports.
 - Study the accounting policies followed in the Company and express an opinion and recommendation to the Board of Directors in this regard.
2. Internal Audit:
 - Study and review the internal and financial control systems and risk management in the Company.
 - Study the internal audit reports and follow up the implementation of corrective actions for the observations contained therein.
 - Controlling and supervising the performance and activities of the Internal Audit Department in the Company, to verify the availability of the necessary resources and their effectiveness in performing the work and tasks entrusted to it.
 - Recommending to the Board the appointment of the Director of Internal Audit Department and proposing his remuneration.
3. External Auditor:
 - Recommending to the Board of Directors the nomination of auditors, dismissing them, determining their fees and evaluating their performance after verifying their independence and reviewing the scope of their work and the terms of their contract.
 - Verify the independence, objectivity and fairness of the auditor, and the effectiveness of the audit work, taking into consideration the relevant rules and standards.
 - Review the Company's auditor's plan and work, verify that they do not submit technical or administrative work outside the scope of audit work, and express its opinions thereon.
 - Answering the auditor's inquiries.
 - Study the auditor's report and observations on the financial statements and follow up on what has been taken in this regard.
4. Ensuring Compliance:
 - Review the results of the reports of the regulatory authorities and verify that the Company has taken the necessary measures in this regard.
 - Verifying the Company's compliance with the relevant laws, regulations, policies and instructions.
 - Review the contracts and transactions proposed to be conducted by the Company with the related parties, and submit its opinions thereon to the Board of Directors.

- Submit any matters it deems necessary to take action to the Board of Directors, and make recommendations on the actions to be taken.

Powers of the Audit Committee:

1. The committee shall appoint from among its members a chairman, who shall have the right to represent the committee before the Board and any other relevant that requires it, and the committee may appoint a vice-chairman to act on his behalf in their absence.
2. The committee shall appoint a secretary – from among its members or from third parties – to prepare for the meetings and work of the committee, prepare and document its minutes, follow up the implementation of its recommendations and decisions, and any other tasks assigned by the committee from time to time, and the Secretary – in the event of his appointment by a third party – shall not have the right to vote on the recommendations and decisions of the committee.
3. Take decisions on matters delegated by the Board.
4. In order to perform its functions, the committee has:
 - a. The right to access the Company's records and documents.
 - b. Request any clarification or statement from the Board or the Executive Management.
 - c. To request the Board to convene the General Assembly of the Company if the Board obstructs its work or the Company suffers serious damages or losses.
 - d. Seek the assistance of experts and specialists from inside or outside the Company within the limits of its powers, provided that this is included in the minutes of the committee's meeting, mentioning the name of the expert and his relationship with the Company or the executive management.

Responsibilities of the Audit Committee:

1. The committee shall be responsible for its work before the General Assembly, without prejudice to the responsibility of the Board for any other acts, powers or authorities delegated to it by the Board.
2. A member of the committee and its Secretary shall abide by the obligations of the Board member, including maintaining the secrets and information of the Company, and he may not disclose to others what he has stood on – directly or indirectly – because of the exercise of his work and duties except within the limits stipulated in the Law.

4.3.2 Remuneration and Nomination Committee

- On 01/07/1446H (corresponding to 01/01/2025G), the Board of Directors decided to form the Remuneration and Nomination Committee for the current board term, which begins on 01/07/1446H (corresponding to 01/01/2025G) and will last for three (3) years, ending on 03/08/1449H (corresponding to 31/12/2027G). The committee includes the following members:
 1. Saeed Taher Saeed Al Zahrani (Board Member – Independent)
 2. Abdulelah Mohamed Abdulrahman AlAsaker (Chairman – Non-Executive Member)
 3. Ahmed Abdullah Abdulrahman Almohsen (Board Member – Non-Executive Member)

Table 9: Members of the Nomination and Remuneration Committee

Name	Position	Membership Status
Saeed Taher Saeed Al Zahrani	Chair of the Committee	Board Member – Independent
Abdulelah Mohamed Abdulrahman Alasakr	Committee Member	Chairman of the Board – Non-Executive
Ahmed Abdullah Abdulrahman Al-Mohsen	Committee Member	Board Member – Non-Executive
Muawiya Mustafa Abdelrahman	Secretary of the Committee	Not Applicable

Source: The Company

• **Duties, powers and competencies of the Remuneration and Nomination Committee**

In accordance with Article (8) of the Company's Nomination and Remuneration Committee's Regulations, the committee shall study matters within its scope or those referred to it by the Board, and the committee's duties include, in particular, the following:

Functions of the Remuneration and Nomination Committee:

1. Preparing a clear study of the remuneration of the members of the Board of Directors and the committees derived from the Board and the executive management and submitting it to the Board for consideration in preparation for approval by the General Assembly, provided that this policy takes into account the adoption of standards related to performance, disclosure thereof, and verification of their implementation.
2. Clarifying the relationship between the remuneration granted and the applicable remuneration policy and indicating any material deviation from this policy.
3. Periodically reviewing the remuneration policy and evaluating its effectiveness in achieving the intended objectives.
4. Recommending to the Board the remuneration of the members of the Board, its committees and senior executives of the Company in accordance with the approved policy.
5. Proposing clear policies and criteria for membership of the Board and the executive management.
6. Recommending to the Board the nomination and renomination of its members in accordance with the approved policies and standards, taking into account that no person who has previously been convicted of a crime involving dishonesty is nominated.
7. Preparing a description of the capabilities and qualifications required for membership of the Board and filling the positions of executive management.
8. Reviewing the structure of the Board and executive management and providing recommendations regarding changes that can be made.
9. Annually verifying the independence of independent members, and ensuring there are no conflicts of interest, especially if the member serves on the Board of another company.
10. Developing job descriptions for executives, non-executive members, independent members and senior executives.
11. Establishing special procedures for handling vacancies in the position of a member of the Board or senior executives.
12. Identifying the weaknesses and strengths of the Board and proposing solutions to address them in alignment with the Company's best interests.

Powers of the Nomination and Remuneration Committee:

1. The committee appoints a chairman from among its members, who has the right to represent the committee before the Board and any other body that requires it, and the committee may appoint a vice-chairman to act on his behalf in his absence.
2. The committee appoints a secretary – either from among its members or an external party – to prepare meetings, manage committee tasks, draft and document meeting minutes, follow up on the implementation of recommendations and decisions, and carry out any other tasks assigned by the committee from time to time. If the secretary is appointed from outside the committee, they do not have voting rights on the committee's recommendations and decisions.
3. Making decisions on matters delegated by the Board.

In order to perform its functions, the committee has:

1. The right to access the Company's records and documents.
2. Request any clarification or statement from the Board or the Executive Management.
3. Seek the assistance of experts and specialists from inside or outside the Company within the limits of its powers, provided that this is included in the minutes of the committee's meeting, mentioning the name of the expert and his relationship with the Company or the executive management.

Committee's Responsibilities:

1. The committee is accountable to the Board for its actions, without prejudice to the responsibility of the Board overall responsibility for any delegated tasks, powers, or authorities.
2. Committee members and the secretary must adhere to the same confidentiality obligations as Board members. They must maintain the secrecy of Company information and are prohibited from disclosing any details – directly or indirectly – except within the limits defined by applicable regulations.

4.4 Executive Management

The Company's Executive Management is headed by the Managing Director, a position currently held by E.ng Bandar Abdullah Ibrahim Alhomaiddhi as of the date of this Prospectus. The Chief Financial Officer is Mr. Ahmed Hasan Shitaiwi. The table below shows the members of the executive management:

Table 10: Executive Management Members

Name	Position	Nationality	Age	Date of Appointment	Owned Shares			
					Direct		Indirect*	
					Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage
E.ng Bandar Abdullah Ibrahim Alhomaiddhi	Managing Director	Saudi	47	28/05/1443H (corresponding to 01/01/2022G)	598,326	4.4320444%	35,934	0.2661786%
Ahmad Hasan Shitaiwi	Chief Financial Officer	Jordanian	47	02/12/1443H (corresponding to 01/07/2022G)	-	-	-	-
Mohammad Saeed Al-Turani	Supply Chain Manager (Acting) Commercial Sector Manager	Jordanian	63	14/05/1436H (corresponding to 05/03/2015G)	-	-	-	-
Saud Abdullah Alhomaiddhi	(Acting) Human Resources Manager	Saudi	32	13/05/1437H (corresponding to 22/02/2016G)	-	-	-	-
Mohammed Saud Al-Azouri	Legal Affairs Manager	Saudi	36	28/05/1440H (corresponding to 03/02/2019G)	-	-	-	-
Sayed Mohsen Nasser	IT and Communications Manager	Egyptian	45	19/04/1444H (corresponding to 13/11/2022G)	-	-	-	-

Source: The Company

* The indirect ownership of the Managing Director, Eng. Bandar Abdullah Ibrahim Alhomaiddhi, is represented by (35,934) shares, representing (0.2661786%) of the total shares of the Company. This indirect ownership is through: (1) 6.034% ownership in Abdullah Ibrahim Al-Homaiddhi Sons Holding Company, which owns 93.255% of Radstar Investment Projects Company, which in turn owns 4.4256963% of SIDC Company; and (2), 6.034% ownership in Abdullah Ibrahim Al-Homaiddhi Investment Company, which owns 6.420% of Radstar Investment Projects Company, which also owns 4.4256963% of SIDC Company.

4.5 Compensation and Remuneration of Board members and Senior Executives

- Remuneration is distributed to members of the Board of Directors in accordance with the provisions stipulated in Article (21) of the Company's Bylaws, such that the remuneration of Board members for their work shall consist of a specified amount, attendance fees for meetings, reimbursement of expenses, in-kind benefits, or a percentage of the net profits. It is permissible to combine two or more of these benefits in accordance with the policy on Board members' and committees' remuneration and the executive management's policy, as approved by the General Assembly of shareholders. The remuneration will be disbursed in accordance with the decisions of the Board of Directors or its specialized committees. A member may also be entitled to remuneration for any additional executive, technical, administrative, or consulting positions held within the Company, based on a professional license, in addition to the remuneration they receive as a Board member or committee member.
- The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all the remuneration, attendance fees, and other benefits each Board member received or is entitled to receive during the financial year. It should also include details of what Board members receive in their capacity as employees, administrators, or for technical, administrative, or consultancy work. Furthermore, the report must include information on the number of Board meetings held and the number of meetings attended by each member since the last General Assembly meeting.
- The report of the Board of Directors also includes a remuneration policy for executive management, disclosing executive management compensation appropriately and in compliance with regulations issued by competent authorities in Saudi Arabia. This report details the remuneration and benefits of the five highest-paid senior executives.
- The table below shows the value of compensation and remuneration received by senior executive members during the years 2021G, 2022G and 2023G and the financial period ending 30 June 2024G:

Table 11: Compensation and remuneration of members of the Board of Directors and senior executives

In Saudi Riyals		As of December 31, 2021G	As of December 31, 2022G	As of December 31, 2023G	As of June 30, 2024G
Board Members and Committees Derived from the Board	Remunerations, Benefits, and Allowances for Attending Meetings	1,283,482	2,935,241	2,970,621	1,988,701
	Salaries and Compensation	1,129,250	1,872,238	2,375,914	1,422,702
Executive Management	End-of-Service Benefits	109,625	113,538	127,378	90,697
Total		2,522,357	4,921,017	5,473,913	3,502,100

Source: The Company

4.6 Employees

4.6.1 Employee share schemes are in place prior to the application for registration and offer of securities that are subject to this Prospectus

The Company currently does not have any stock allocation program for its employees.

4.6.2 Arrangements that involve employees in the Company's capital

There are no arrangements involving employees in the Company's capital as of the date of this Prospectus.

5. Financial Information and Management Discussion and Analysis

5.1 Introduction

The following Management Discussion and Analysis (“MD&A”) of the financial position of the Saudi Industrial Development Co. (SIDC) (the “Company”) and its subsidiaries (the “Group”) and the results of its operations was prepared as shown below based on the consolidated audited financial statements for the years ended on December 31, 2021G, 2022G and 2023G in addition to the unaudited condensed consolidated interim financial statements for the six-month periods ended June 30, 2023G, and June 30, 2024G, along with the accompanying notes.

The financial statements were audited in accordance with International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia by the Group Auditor, PKF Al Bassam Chartered Accountants and Statutory Auditors for the financial year ended 31 December 2021G, Dr. Mohamed Al-Amri & Co. Chartered Accountants for the period ended 31 December 2022G and 2023G and for the six-month period ended 30 June 2023G, and Crowe Solutions for Professional Consulting for the six-month period ended 30 June 2024G. The Group applied the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Chartered and Professional Accountants (hereinafter collectively referred to as “IFRS adopted in the Kingdom of Saudi Arabia”) in preparing the financial statements for the financial years ended 31 December 2021G, 2022G and 2023G. The interim consolidated unaudited financial statements have been prepared in accordance with International Accounting Standard (34) “Initial Financial Report” adopted in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA) for the six-month periods ended 30 June 2023 and 30 June 2024G.

PKF Al Bassam Chartered Accountants and Dr. Mohamed Al-Amri & Co. Chartered Accountants and Crowe Solutions for Professional Consulting neither any of their subsidiaries nor any of their employees nor any of their relatives, have any shares or interests of any kind in the Group which may affect its independence as of the date of issuance of the independent auditor’s report on the financial statements. As of the date of this Prospectus, PKF Al Bassam Chartered Accountants have submitted their written approval to refer in the Prospectus to their role as auditor of the Group for the year ended 31 December 2021G. As of the date of this Prospectus, Dr. Mohamed Al-Amri & Co. Chartered Accountants has submitted their written approval to refer in the Prospectus to their role as auditor of the Group for the financial years ended 31 December 2022G and 2023G and for the six-month period ended 30 June 2023G. As of the date of this Prospectus, Crowe Solutions for Professional Consulting has provided their written approval to refer in the Prospectus to their role as auditor of the Group for the six-month period ending 30 June 2024G and has not changed such approval.

All amounts in this section have been rounded to the nearest thousand riyals unless otherwise stated, and the numbers and ratios have been rounded to the nearest decimal place. Therefore, the sum of those figures may differ from those shown in the tables. Therefore, all ratios, indicators, annual expenditures and compound annual growth rates are based on rounded figures.

The financial information of the year ended 31 December 2021G was used from the financial information for the comparative year presented in the Group’s audited consolidated financial statements for the year ended 31 December 2022G. The financial information of the profit and loss statement for the six-month period ended 30 June 2023G was used from the financial information for the comparative period presented in the consolidated financial statements of the Company for the period ended 30 June 2024G, in addition to the financial information of the statement of financial position as of 31 December 2023G from the financial information for the comparative period presented in the audited consolidated financial statements of the Company for the period ended 30 June 2024G.

This section may include hypothetical data relating to the Group’s future prospects, based on management’s plans and projections on the Group’s growth, results of its operations and financial position as well as associated risks and uncertainties. The Group’s actual results may differ materially from the expected results as a result of many factors, risks and future events, including those discussed in this section of the Prospectus or elsewhere, in particular Section No. (2) “**Risk Factors**” of this Prospectus.

5.2 Board Members’ Declarations on Financial Statements

The members of the Board of Directors of the Group acknowledge the following:

1. The financial information contained in this section is prepared on a consolidated basis and is extracted without material amendments from the audited consolidated financial statements and is presented in accordance with the audited consolidated financial statements for the years ended 31 December 2021G, 2022G and 2023G and the accompanying notes prepared in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia, and the unaudited summary financial statements for the six-month period ended 30 June 2024G and the accompanying notes prepared in accordance with the International Accounting Standard (34) “Initial Financial Report” adopted in the Kingdom of Saudi Arabia.
2. Except as contained in Risk Factor No. (2.1.2) “**Risks related to Accumulated Losses**” of Section (2) “**Risk Factors**” of this Prospectus and Subsection No. (5.6.2.3.4) “**Accumulated losses**” of Section No. (5) “**Financial Information and Management Discussion and Analysis**” of this Section, there is no material adverse change in the financial and commercial position during the three years immediately preceding the date of submitting the registration application and offering securities subject to this Prospectus, in addition to the end of the period covered by the Chartered Accountant’s report until the approval of the Prospectus.

3. The Issuer and its Affiliates have sufficient working capital for the period of twelve (12) months immediately following the date of publication of this Prospectus.
4. Except as mentioned in Risk Factor No. (2.1.6) ***“Risks Related to the sales Channels of Global Marketing Company for Sleeping System Limited Due to Factors Related to the COVID-19 Pandemic”*** in Section (2) ***“Risk Factors”*** of this Prospectus, the Issuer and its subsidiaries are not aware of any seasonal factors or economic cycles related to the activity that may have an impact on the Group’s business and financial position.
5. No information is available about any government, economic, financial, monetary, political, or any other policies that have or may have a material impact directly or indirectly on the operations of the Group.
6. The Issuer or its substantial subsidiaries as of the date of this Prospectus have no capital covered by an option, including consideration for which such option has been or will be granted, its price and term, and the name and address of the person to whom the option is granted.
7. Except as stated in subsection (5.6.2.1.1) ***“Financial assets at fair value through statement of other comprehensive income”*** and Subsection (5.6.2.2.4) ***“Financial assets at fair value through profit or loss”*** of this section, the Issuer or its subsidiaries do not hold any properties, including contractual securities or other assets, whose value is subject to volatility or is difficult to determine, in a manner that would significantly affect the assessment of the Group’s financial position.
8. No commissions, discounts, brokerage fees, or other non-monetary consideration has been granted by the Issuer or any of its Subsidiaries during the three years immediately preceding the date of application for registration and offering of securities subject to this Prospectus in connection with the issue or offering of any securities to the proposed directors, directors, senior executives, offerors or experts.
9. Except as stated in subsection (6) ***“Use of Offer Proceeds”*** of this Prospectus, the Issuer or its subsidiaries do not have any significant fixed assets intended to be purchased or leased.
10. Except as stated in subsection (9.7.5) ***“Credit Facilities and Loan Contracts”*** of section (9) ***“Legal Information”*** and subsection (5.6.2.5.4) ***“Credit Facilities”*** of this section, the Issuer or its subsidiaries do not have any other loans or indebtedness, including overdrafts from bank accounts, obligations under acceptance and acceptance credit or lease purchase obligations, nor are there any collateral obligations for loans and debts, including personal, unsecured, mortgaged or unsecured security, nor does the Issuer or its subsidiaries have any issued and existing debt instruments, approved debt instruments that have not been issued, or term loans (including loans covered by personal, unsecured, mortgaged or unsecured security), nor are there any mortgages, rights and encumbrances over the property of the Issuer and its subsidiaries.
11. Except as contained in subsection (5.6.2.3) ***“Equity”*** in this section and subsection (3.4) ***“Key Changes in the Company’s Capital”*** of this Prospectus, the Issuer has not experienced any capital adjustments, or material adjustments in the capital of its substantial subsidiaries, during the three years immediately preceding the date of application for registration and offering of securities subject to this Prospectus.

5.3 Incorporation and Activity

The Saudi Industrial Development Co. (SIDC) (the “Parent Company”) is a Saudi joint stock company, established by virtue of the decision of His Excellency the Minister of Commerce No. 673 dated 20 Jumada Al-Thani 1413H corresponding to 14 December 1992G. The Company obtained its commercial registration No. 4030092792 on 17 Rajab 1413H corresponding to 10 January 1993G, issued in Jeddah, Kingdom of Saudi Arabia.

The Company’s activities, according to its commercial register, include the manufacture of sanitary supplies made of plastics, including (washbasins, bathtubs, toilets, etc.), the manufacture of sponge products, and the management of subsidiaries of holding companies. The registered address of the company is at Prince Mohammed bin Abdulaziz Street, Al Faisaliah District, Jeddah, Kingdom of Saudi Arabia.

5.4 Qualified Opinion of the Auditor for the financial year 2021G

5.4.1 Qualified opinion on the consolidated financial statements of the Saudi Industrial Development Co.

The Auditor of the Group has audited the consolidated financial statements of the Saudi Industrial Development Company (SIDC) (Saudi Joint Stock Company) (the Parent Company) and its subsidiaries as of 31 December 2021G, and the consolidated statements of profit or loss and other comprehensive income, changes in consolidated equity and consolidated cash flows, for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of significant accounting policies.

He expressed a qualified opinion as shown below:

Basis for Qualified Opinion

The consolidated financial statements of the Group include the financial statements of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) (the “Subsidiary”) for the financial year ended 31 December 2021G. The total property, machinery and equipment of the subsidiary amounted to SAR 7.8 million, the inventory of the subsidiary amounted to SAR 10.6 million and other receivables of the subsidiary

amounted to SAR 3.4 million, representing 7.3% of the total related consolidated assets as of 31 December 2021G. The value of the liabilities of the subsidiary amounted to SAR 5.4 million, representing 6% of the total value of the related consolidated liabilities as of 31 December 2021G. The value of the revenues of the subsidiary amounted to SAR 34.3 million, representing 21% of the total related consolidated revenues as of 31 December 2021G, and the value of the cost of sales amounted to SAR 26.8 million, representing 19.7% of the total related consolidated cost of sales as of 31 December 2021G. The auditor was unable to obtain sufficient appropriate audit evidence regarding the book balances of the subsidiary as of December 31, 2021, and the parent company's share in the subsidiary for the same year, as the auditor was not permitted to verify the financial information from the subsidiary's auditors, including the audit documentation of the subsidiary's auditors. Accordingly, the auditor was unable to determine whether any adjustments were necessary.

The auditor has conducted the audit in accordance with the International Standards on Auditing adopted in the Kingdom of Saudi Arabia.

It is worth mentioning that the auditor did not express any qualified opinion regarding the financial statements for the financial years 2022G and 2023G and for the six months ended 30 June 2024G.

5.4.2 Qualified opinion of the unconsolidated financial statements of The Global Marketing Company for Sleeping System Ltd.

The Auditor of the Company has audited the unconsolidated financial statements of The Global Marketing Company for Sleeping System Ltd. (a limited liability company) as of 31 December 2021G, and the unconsolidated statements of profit or loss and other comprehensive income, changes in unconsolidated equity and unconsolidated cash flows, for the year then ended, and the accompanying notes to the unconsolidated financial statements, including a summary of significant accounting policies.

He expressed a qualified opinion as shown below:

Basis for Qualified Opinion

The investment balance in the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) in the unconsolidated statement of financial position as of 31 December 2021G amounted to SAR 24.5 million, representing 16% of the total assets of the Company. The Company's share of the results of the subsidiary's work amounted to SAR 3.2 million. The auditor was unable to obtain sufficient appropriate audit evidence regarding the subsidiary's book balances as of 31 December 2021G and the Company's share in the subsidiary for the same year because the auditor was not allowed to verify the financial information from the auditors of the subsidiary, including documenting the auditors of the subsidiary's audit work. Accordingly, the auditor was unable to determine whether any adjustments were necessary.

The auditor has conducted the audit in accordance with the International Standards on Auditing adopted in the Kingdom of Saudi Arabia.

It is worth mentioning that the auditor did not express any qualified opinion regarding the financial statements for the financial years 2022G and 2023G and for the six months ended 30 June 2024G.

5.5 Basis of Preparation and Changes in Accounting Policies

5.5.1 Standards, Interpretations and Amendments to Existing Standards

The following are the new and amended standards issued by the International Accounting Standards Board that are not yet effective as of the date of the Group's financial statements. The Group intends to adopt these new and amended standards and interpretations, if any, when they become effective.

a. New Standards, Interpretations, and Amendments Not Yet Effective

There are a number of standards, amendments to standards, and interpretations issued by the International Accounting Standards Board that are effective in future accounting periods, which the Group has decided not to early adopt. The most significant of these are as follows:

International Standard	Summary	Date of Application
Lease Liabilities in Sale and Leaseback (Amendment to IFRS 16)	In June 2020, the IFRS Interpretations Committee issued an agenda decision on Sale and Leaseback with Variable Payments. The matter was referred to the International Accounting Standards Board (IASB) for standard-setting on certain aspects. The IASB issued the final amendments in September 2022G. The amendments require the seller-lessee to determine the "lease payments" or "revised lease payments" in a manner that prevents the seller-lessee from recognizing any amount of gain or loss related to the right of use retained.	January 1, 2024G

International Standard	Summary	Date of Application
Supplier Financing Arrangements (Amendment to IAS 7 and IFRS 7)	On 25 May 2023G, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (Amendments). These adjustments arose as a result of the report received by the International Financial Reporting Interpretations Committee (the Committee) on the presentation requirements for liabilities and associated cash flows arising from supply chain financing arrangements and related disclosures. In December 2020, the Committee published the Agenda for Supply Chain Financing Arrangements - Reverse Factoring which addressed this submission based on the requirements contained in the then-existing IFRS accounting standards. During this process, feedback from stakeholders pointed to the limitations of the then-existing requirements to meet the critical information needs of users to understand the effects of supplier financing arrangements on the entity's financial statements and compare one entity to another. In response to these comments, the IASB prepared narrowly focused standards, which led to the amendments. The amendments require companies to make certain specific disclosures (qualitative and quantitative) relating to supplier financing arrangements. The amendments also provide guidance on the characteristics of supplier financing arrangements.	January 1, 2024G
Amendment - Non-Current Liabilities with Undertakings (Amendment to IAS 1)	Following the issuance of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB further amended IAS 1 in October 2022G. If the Company's right to defer is subject to the Company's compliance with specific conditions, those conditions affect whether that right exists at the end of the reporting period and whether the company is required to comply with the condition at or before the end of the reporting period, not whether the company is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of "settlement" for the purpose of classifying the obligation as current or non-current.	January 1, 2024G
Classification of liabilities as current or non-current (Amendment to IAS 1)	The IASB issued amendments to IAS 1 - Classification of liabilities as current or non-current in January 2020G, which were partially amended through amendments to non-current liabilities with undertakings issued in October 2022G. The amendments require that the entity's right to defer settlement of the obligation for at least twelve months after the reporting period is material and shall exist at the end of the reporting period. The classification of the obligation is not affected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period. As a result of the COVID-19 pandemic, the Board of Directors has deferred the effective date of the amendments by one year to annual reporting periods beginning on or after 1 January 2024G.	January 1, 2024G
Non-interchangeability (Amendments to IAS 2)	On 15 August 2023G, the International Accounting Standards Board (IASB) issued the issue of non-exchangeability, which amended IAS 21 Amended Effects of Changes in Foreign Exchange Rates (Amendments). Adjustments arose as a result of the report received by the International Financial Reporting Interpretations Committee (the Committee) on the determination of the exchange rate when there is a long-term lack of exchangeability. Prior to the amendments, IAS 21 did not include explicit requirements for determining the exchange rate when a currency is not convertible into another currency, resulting in diversity in practice. The Committee recommended that the IASB prepare narrowly focused amendments to IAS 21 to address this issue. After further deliberations, the IASB issued a draft presentation of the proposed amendments to IAS 21 in April 2021G and the final amendments were issued in August 2023G. Amendments introduce requirements for assessing when a currency is convertible into another currency and when it is not. Adjustments require the entity to estimate the spot exchange rate when it concludes that the currency is not convertible to another currency	1-Jan-2025G

Source: Audited consolidated financial statements for the financial year ended 31 December 2023G.

b. New Standards, Interpretations and Amendments Effective in the Current Year

The following are the new standards, interpretations and amendments to the standards in force in the current year that have not led to changes in the Group's accounting policies and have no impact on its financial statements:

International Standard	Summary	Date of Application
IFRS 17 Insurance Contracts	IFRS 17 provides an internationally harmonized approach to accounting for insurance contracts. Prior to IFRS 17, there was considerable diversity around the world regarding accounting and disclosure of insurance contracts, with IFRS 4 allowing for the continuation of many previous accounting methods (other than IFRS). IFRS 17 will lead to significant changes for many insurers, requiring modifications to existing systems and processes. The new standard sees insurance contracts combining the features of a financial instrument and a service contract, many of which generate cash flows that vary significantly over time. Therefore, it takes an approach: - Combination of the current measurement of future cash flows with the recognition of profit during the period in which the services are provided under the contract. - Presentation of the results of insurance services (including insurance revenues) separately from insurance financing revenues or expenses. - Requiring the entity to make an accounting policy choice for each portfolio, whether to recognize all insurance financing income or expenses for the reporting period in profit or loss, or to recognize some of them in other comprehensive income. Following the issuance of IFRS 17, amendments were made to the standard and effective dates were postponed.	January 1, 2023G
Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS 2 Statement of Practice)	In February 2021G, the IASB issued amendments to IAS 1, which changed the disclosure requirements with respect to accounting policies from "material accounting policies" to "information on material accounting policies." The amendments provide guidance on when accounting policy information is likely to be considered material. Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023G, with early application permitted. As the IFRS Practice Statements are non-mandatory guidance, no mandatory effective date has been established for amendments to IFRS Practice Statement 2.	January 1, 2023G
Definition of Accounting Estimates (Amendments to IAS 8)	In February 2021G, the IASB issued amendments to IAS 8, which added the definition of accounting estimates in IAS 8. The amendments also clarified that the effects of the change in inputs or measurement method are changes in accounting estimates, unless they result from the correction of prior period errors.	January 1, 2023G
Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)	In May 2021G, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions leading to the simultaneous recognition of both an asset and a liability (e.g., a lease within the scope of IFRS 16). The amendments introduce an additional standard for the initial recognition exemption under IAS 15.12, where the exemption does not apply to the initial recognition of an asset or liability that at the time of the transaction results in equal taxable and deductible temporary differences.	January 1, 2023G
International Tax Reform - Model Pillar II Rules (Amendments to IAS 12)	In December 2021G, the Organization for Economic Co-operation and Development (OECD) published Tax Challenges Arising from the Digitalization of the Economy - Global Anti-Base Erosion Model Rules (Pillar Two): The Comprehensive Framework on Base Erosion (Pillar 2 Model Rules). In March 2022G, the OECD issued commentaries and explanatory examples detailing the application and operation of the rules and clarifying certain terminology. Stakeholders raised a number of questions with the IASB regarding the potential implications for income tax accounting, particularly accounting for deferred taxes, arising from the Pillar II Model Rules. Stakeholders stressed the urgent need for clarity given the imminent enactment of tax law to implement rules in some jurisdictions. In response to stakeholder concerns, the IASB proposed amendments to IAS 12 Income Taxes. A draft presentation on International Tax Reform - Pillar II Model Rules (Proposed Amendments to IAS 12) was released on 9 January 2023G. Due to urgent clarity requirements, a shorter 60-day suspension period has been provided. The International Accounting Standards Board (IASB) issued the Final Amendments (Amendments) to the International Tax Reform - Pillar II Model Rules on 23 May 2023G. The amendments provide a temporary exception for entities from recognizing and disclosing information regarding deferred tax assets and liabilities related to the Pillar II Model Rules. The amendments also provide for additional disclosure requirements with respect to an entity's exposure to income taxes in Pillar II.	January 1, 2023G

Source: Audited consolidated financial statements for the financial year ended 31 December 2023G.

5.5.2 Foundations of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the “Group”). Control is achieved when the Group owns or has the right to variable returns as a result of its transactions with the investee, and the Group has the ability to influence these returns by exercising its influence over the investee. In particular, the Group controls the investee if - and only if - the Group has:

- Influence over the invested entity (e.g., existing rights that give the Group the current ability to direct activities related to the invested entity).
- The right or rights to receive variable returns as a result of participation with the investee.
- The ability to use its influence on the investee to affect its returns.

In general, there is an assumption that the majority of voting rights will result in control. In order to reinforce this assumption and when the Group has less than a majority of the voting rights or similar rights in the investee, the Group takes into account all relevant facts and circumstances when assessing whether the Group has an influence over the investee, such facts and circumstances include the following:

- Contractual arrangements with others entitled to vote in the investee company.
- Rights arising from other contractual arrangements.
- Voting rights and potential voting rights of the Group.

The Group reassesses whether or not it continues to exercise control over the investee when facts and circumstances indicate that there has been a change in one or more of the three elements of control. The consolidation of the Subsidiary shall commence as of the date on which the Group takes control of the Subsidiary and shall continue until such time as the control of the Subsidiary ceases. The assets, liabilities, income and expenses of the subsidiary acquired or sold during the period are included in the consolidated financial statements from the date the Group acquires control until the date the Group loses control of the subsidiary.

If required, adjustments shall be made to the financial statements of the Subsidiary in the event of material differences between the Parent and its Subsidiaries in order to reconcile its accounting policies with the financial policies of the Group. All assets, liabilities, equity, income, expenses and cash flows relating to intra-group transactions are fully eliminated when the financial statements are consolidated.

Any change in ownership interest in a subsidiary that does not result in a loss of control is addressed within equity.

If the Group loses control of a subsidiary, it shall exclude assets (including goodwill if any), liabilities and any other components of the subsidiary’s equity and any gain or loss resulting from the loss of control shall be recognized in the consolidated statement of comprehensive income. Any share of the investment held is recorded at fair value.

The following subsidiaries, which are owned directly or indirectly by more than 50% and/or over which the Company can exercise control, are consolidated in these consolidated financial statements based on the financial statements of the subsidiaries.

Below are the details of the subsidiaries:

Subsidiaries	Country of Incorporation	Principal activity as per CR	Percentage of direct and indirect ownership
SIDC Commercial Investment Company (One Person Limited Liability Company)	Kingdom of Saudi Arabia	Wholesale and retail trade in cement, gypsum and natural marble. The company did not practice the activity during the current year.	100%
SIDC Investment Projects Company (Limited Liability Company)	Kingdom of Saudi Arabia	Retail agents for furniture and household goods, wholesale of blankets, ready-made linens and sheets, wholesale of home furniture and furniture, retail sale of blankets, sheets, linens and bedding, retail sale of home furniture, management and rental of owned or leased properties (residential), management and rental of owned or leased properties (non-residential).	100%
The Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) (Limited Liability Company)	Arab Republic of Egypt	Manufacture of Spring and Foam Mattresses.	100%
The Global Marketing Company for Sleeping System Ltd. (Sleep High) (Limited Liability Company)	Kingdom of Saudi Arabia	Manufacture of sponge products, manufacture of furniture from wood, upholstery of furniture, detailing of mattresses of all kinds.	100%
Emmdad Logistic Services (Limited Liability Company)	Kingdom of Saudi Arabia	Land transport of goods and transport of goods and equipment (heavy transport).	50%

Source: Audited consolidated financial statements for the financial year ended 31 December 2023G.

Percentages of direct and indirect ownership in the Group's subsidiaries:

Company	Direct Ownership Percentage	Indirect Ownership Percentage
SIDC Commercial Investment Company (One Person Limited Liability Company) - (Note A below)	100%	-
SIDC Investment Projects Company (Limited Liability Company) - (Note A below)	95%	5% owned by SIDC Commercial Investment Company
The Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) (Limited Liability Company)	95%	5% owned by SIDC Commercial Investment Company
The Global Marketing Company for Sleeping System Ltd. (Sleep High) (Limited Liability Company)	-	98.5% owned by The Global Marketing Company for Sleeping System Ltd. Ltd. 1.5% owned by SIDC Commercial Investment Company
Emmdad Logistic Services (Limited Liability Company)	-	50% owned by The Global Marketing Company for Sleeping System Ltd. Ltd.

Source: Audited consolidated financial statements for the financial year ended 31 December 2023G.

During the year 2023G, SIDC Investment Projects Company waived its share in SIDC Commercial Investment Company. The company's Memorandum of Association was amended and the company became wholly owned by the Saudi Industrial Development Company (SIDC) - the parent company.

Non-controlling Interests

Non-controlling interests at the acquisition date are measured at either the fair value or the prorated share of non-controlling interests of the fair value of the net assets determined for the acquired company. The basis of measurement for each acquisition is selected separately. After acquisition, the rights of non-controlling entities are shown at value on initial recognition plus their share of subsequent changes in the equity of the acquired companies, and are shown as a separate line item in the consolidated statement of comprehensive income and in the shareholders' equity in the consolidated statement of financial position.

Acquisitions or disposals of non-controlling interests that do not affect the parent company's control of the subsidiary are transactions with equity holders. The difference between the fair value of the amount paid or received and the change in non-controlling interests is recognized directly in equity.

Business Combinations and Goodwill

Mergers of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value calculated as the total amount of fair values of assets transferred by the Group at the acquisition date, liabilities incurred or incurred by the Group for the previous owners of the acquired company and equity instruments issued by the Group against control of the acquired company plus any costs that could directly relate to the business combination. Costs related to an acquisition are generally recognized in profit or loss when incurred. Assets, liabilities and contingent liabilities that meet the recognition criteria in accordance with International Financial Reporting Standard 3: Business Combinations are recognized at fair value at the acquisition date.

Where the consideration transferred by the Group in the business combination includes assets or liabilities resulting from the potential consideration under the Agreement, the potential consideration is measured at fair value at the acquisition date and included as part of the consideration transferred in the business combination. Changes in the fair value of the potential consideration that qualify as adjustments for the measurement period are adjusted retrospectively, with the corresponding adjustments credited to the goodwill account. Adjustments to the measurement period are adjustments that result from the availability of additional information obtained during the "measurement period" (which shall not exceed one year from the date of acquisition) about facts and circumstances that existed at the date of acquisition.

Subsequent accounting for changes in the fair value of the potential unqualified consideration as an adjustment in the measurement period is dependent on how the potential consideration is classified. The potential consideration classified as equity is not measured at the dates of subsequent financial reports and its subsequent settlement is accounted for within equity. A potential consideration classified as an asset or a liability shall be remeasured at subsequent financial reporting dates in accordance with IFRS 9 and IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss recognized in profit or loss.

Goodwill is measured as the increase in the amount of consideration transferred, the amount of any non-controlling interests in the acquired company, and the fair value of the equity interest (if any) previously held by the acquired company in the acquired company above the net amounts at the acquisition date for the specific assets acquired and liabilities incurred. If, after revaluation, the net amounts at the date of purchase of the specific assets purchased and liabilities incurred exceed the total transferred price, the amount of any non-controlling interests in the purchased company, and the fair value of the equity interest (if any) previously held by the purchasing company in the purchased company, the excess shall be recognized directly in the income statement as a purchase profit from the transaction.

Non-controlling interests that are current ownership interests and entitle their owners to a proportionate share of the net assets of the entity in the event of liquidation can be measured initially either at fair value or at the proportionate share of non-controlling interests in the amounts recognized for the net liabilities specified for the purchased company. The basis of measurement is selected based on each individual transaction.

If the accounting for a business combination is not completed by the end of the financial statement period in which the consolidation occurred, the Group discloses provisional amounts for items for which accounting is not completed. These provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, so that the new information obtained reflects the facts and circumstances that existed at the date of the acquisition, which, if known, would have affected the amounts recognized at that date.

When a business combination is completed in stages, the equity interest previously held by the Group in the Acquired Company is re-measured at fair value at the acquisition date (i.e., the Group's control date) and the resulting profit or loss, if any, is recognized in profit or loss. Amounts resulting from shares in the acquired company prior to the acquisition date that were previously recognized in the statement of other comprehensive income are reclassified in the income statement in the event that their treatment as such would be appropriate if that share were excluded.

5.5.3 Classification of Assets and Liabilities into Current or Non-Current

The Group presents assets and liabilities in the consolidated statement of financial position on a current or non-current basis. An asset is classified as a current asset if:

- The expectation that the asset will be realized or there is an intention to sell or consume it during the normal business cycle of the Company, or
- The asset is held mainly for trading, or
- The asset is expected to be realized within 12 months after the statement of financial position date, or
- It is cash or cash equivalent unless the asset cannot be exchanged or used to settle a liability for at least 12 months from the date of the consolidated statement of financial position.

All other assets are classified as non-current assets.

A liability is considered a current liability if:

- The liability is expected to be settled during the normal business cycle of the Group, or
- The liability is held primarily for trading, or
- The liability is expected to be settled within 12 months after the statement of financial position date, or
- There is no unconditional right to postpone the settlement of the liability for at least 12 months after the date of the consolidated statement of financial position.

The Group classifies all other liabilities as non-current liabilities.

5.5.4 Fair Value Measurement

Financial Instruments

The Group measures financial instruments such as derivatives at fair value at the date of each statement of financial position.

Fair value is the amount that will be received when an asset is sold or paid when a liability is settled between two parties under a transaction on a commercial basis at the measurement date. The fair value measurement is determined on the assumption that the transaction of sale of assets or transfer of liabilities will take place either:

- In the primary market for assets or liabilities, or
- In the absence of a primary market, in the most advantageous market for assets or liabilities.

The main or most advantageous market shall be accessible to the Group.

The fair value of assets or liabilities is measured on the assumption that market participants will benefit when pricing assets and liabilities and that they pursue their best economic interests.

When measuring the fair value of non-financial assets, the ability of market dealers to achieve economic benefits by making the best and maximum use of the asset or selling it to other market dealers who use the asset in the best and maximum way is considered.

All assets and liabilities measured at fair value or disclosed in the consolidated financial statements are classified within the fair value hierarchy levels set out below, based on the lowest level input that is significant to the overall fair value measurement:

- Level 1: Prices traded (unadjusted) in active markets for similar assets or liabilities.

- Level 2: Measurement methods that consider minimum-level inputs - important for fair value measurement - are directly or indirectly observable.
- Level 3: Measurement methods that consider minimum-level inputs - important for fair value measurement – are unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group ascertains whether a transfer has been made between the hierarchical levels of fair value measurement by reassessing the classification (based on the minimum level inputs that are significant to the fair value measurement as a whole) at the end of each financial reporting period.

5.5.5 Transactions in foreign currencies and their balances

Transactions in foreign currencies are initially recorded at the functional currency's spot prevailing exchange rates on the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange prevailing at the date of the consolidated statement of financial position. Differences resulting from the settlement of monetary items are included in the consolidated statement of comprehensive income.

5.5.6 Property, Machinery and Equipment

Projects under implementation are shown at cost less impairment losses, if any. Projects under implementation include the cost of materials, construction and other costs directly attributable to delivering the asset to the site and making it in the necessary position to be able to work in the form specified by the management, projects under implementation are not consumed. Property, machinery and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. This cost includes the cost of replaced parts of property, machinery and equipment and borrowing costs for long-term construction projects if recognition requirements are met. Where significant parts of property, machinery and equipment are required to be replaced at certain intervals, the Group recognizes such parts as individual assets with a defined useful life and depreciation. Similarly, when a comprehensive examination is carried out, the carrying amount is recognized as a substitution if the recognition conditions are met. All other repair and maintenance costs are recognized in the consolidated statement of comprehensive income when incurred.

Depreciation is calculated on a straight-line basis over the useful life of the assets as follows:

Asset	Depreciation Ratios (%)
Buildings and constructions	3-10%
Machinery and equipment	10-20%
Cars and trucks	20-25%
Office Supplies and Appliances	20-25%

Source: Audited consolidated financial statements for the financial year ended 31 December 2023G.

Property, machinery and equipment are derecognized when they are excluded or when no economic benefits are expected from their future use or sale. Any gain or loss arising from the disposal of assets (calculated by the difference between the net disposal proceeds and the carrying amount of the assets) is recorded in the statement of comprehensive income at the date of disposal. The remaining values of the assets, their useful lives and depreciation methods shall be reviewed at the end of each financial year and adjusted with future effect if necessary.

5.5.7 Intangible Assets

Individually acquired intangible assets are measured at initial cost. After initial recognition, intangible assets are stated at cost less any accumulated amortization and any accumulated impairment losses, if any. Intangible assets created from within the entity (excluding capitalized development costs) are not capitalized and are recorded on the expense account in the consolidated statement of comprehensive income if incurred.

The expected useful lives of intangible assets are estimated by a specified period of time or for an indefinite period. For intangible assets with specified useful lives, they are amortized over their economic useful life and the decline in their value is assessed when there is an indication that the asset may fall in value. The amortization period and method of amortization for intangible assets with a specified useful life are reviewed at least at the end of each financial reporting period. Changes in the expected useful life or expected model of depreciation of the future economic benefits implied in the asset are calculated by changing the amortization period or method – as needed – and are treated as variables in accounting estimates. Amortization expenses for intangible assets with a specified useful life are recognized in the statement of comprehensive income under expenses that are consistent with the function of the intangible assets.

The amortization period for intangible assets with specified useful lives is as follows:

Software and Computer Systems	10 years
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An intangible asset is derecognized on derecognition (i.e., on the date control is received from the recipient) or when no future economic benefits are expected from the use of the asset. Gains or losses arising from the disposal of intangible assets are measured by the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income on disposal of the asset.

Goodwill

Goodwill resulting from the acquisition of operations is carried at cost as it arises at the date of acquisition of operations less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit (or group of cash-generating units) that is expected to benefit from the business combination.

The cash producing unit to which goodwill has been allocated is reviewed to determine the decline in its value on an annual basis or more when there is an indication of a decline in the value of the unit. If the recoverable amount of the cash-producing unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets in the unit in proportion and proportion on the basis of the carrying amount of each asset in the unit.

Any impairment loss of goodwill is recorded directly in the consolidated statement of comprehensive income. The impairment loss of goodwill recorded in subsequent periods is not reversed and when the relevant cash producing unit is excluded, the amount attributable to goodwill is included when determining the profit or loss resulting from the exclusion.

5.5.8 Lease Contracts

The Group assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if it gives the right to control the use of a specified asset for a period of time in exchange for consideration.

The Group as a Tenant

The Group applies a single recognition and measurement model for all leases, with the exception of short-term leases and leases of low-value assets. The Group recognizes the lease liability to make lease payments and the right to use the asset represents the right to use the underlying asset.

1. Right-of-use Assets

The Group includes right-of-use assets at the lease commencement date (the right-of-use asset availability date). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the value of recorded lease liabilities, initial direct costs and lease payments made on or before the start date of the contract less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis for the duration of the lease or the estimated useful life of the asset - whichever is shorter.

If ownership of the leased asset passes to the Company at the end of the lease term or the cost reflects the exercise of the call option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are subject to impairment. Please refer to the accounting policies in the "Impairment of Non-Financial Assets" section.

2. Lease Liabilities

At the Lease Commencement Date, the Group includes lease liabilities measured at the present value of the lease payments for the duration of the lease term. Lease payments include fixed payments (including non-material fixed payments) less any lease incentives receivable, variable value lease payments based on index or rate, and amounts expected to be paid against the remaining amount collaterals. Lease payments also include the exercise price of the purchase option that is strongly expected to be exercised by the Group and penalty payments related to the termination of the Lease if the terms of the Lease give the Group the option to terminate the Lease. Variable rent payments that are not based on an index or fixed rate are included as an expense (unless incurred to produce goods) in the period in which the payment is made.

In calculating the present value of lease payments, the Group uses the increased borrowing rate at the commencement date of the contract if the interest rate implicit in the contract cannot be determined immediately. After the beginning of the contract, the amount of the lease liability is increased to reflect the adoption of interest and the reduction of the amount when rents are paid. The carrying amount of the lease liability is re-measured if there is an adjustment or change in the term of the contract, a change in lease payments (i.e., changes in future payments resulting from a change in the index or rate used to determine such lease payments), or a change in the valuation of the option to purchase the underlying asset.

3. Short-term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exception to its short-term leases of machinery and equipment (the lease term is 12 months or less from the start date of the contract and does not include the purchase option). It also applies the lease recognition exception for low-value assets to its leases that are considered low-value. Lease payments, both for short-term contracts and for low-value assets, are included as an expense on a straight-line basis for the duration of the lease.

5.5.9 Borrowing Costs

Borrowing costs directly associated with the acquisition, creation or production of a particular asset necessarily take a period of time to prepare it for use or sale as part of the cost of that asset. All other costs are recorded as expenses in their accrual period. Borrowing costs are the interest and other costs incurred by an entity in connection with the process of borrowing money.

5.5.10 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of an entity and a financial liability or equity instrument of another entity.

1. Financial Assets

Recognition and Initial Measurement

Financial assets are classified as debt instruments upon initial recognition and subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through consolidated statement of comprehensive income.

The classification of financial assets upon initial recognition is based on the contractual cash flow characteristics of the financial asset and the Group's business model for managing it. With the exception of trade receivables that do not have a significant financial component to which the Group has applied the practical multiplier, the Group initially measures the financial asset at its fair value plus, in the case of an unclassified financial asset at fair value through the consolidated statement of comprehensive income, transaction costs. Trade receivables that do not have a significant financial component or to which the Group has applied a practical multiplier are measured at the transaction price determined under IFRS 15. Please refer to the accounting policies in "Revenue from Contracts with Customers".

In order for a financial asset to be classified as a debt instrument and measured at amortized cost or fair value through other comprehensive income, it shall result in cash flows that are only "payments of principal or interest on principal outstanding". This valuation is referred to as a test only of "principal or interest payments on principal outstanding" and is performed at the instrument level. Financial assets with cash flows that are not "payments of principal or interest on principal outstanding" are classified and measured at fair value through the consolidated statement of comprehensive income regardless of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows result from the collection of contractual cash flows, the sale of financial assets, or both. Financial assets classified and measured at amortized cost are held within the scope of a business model for the purpose of holding financial assets to collect contractual cash flows therefrom, while financial assets classified and measured at fair value through other comprehensive income are held within the scope of a business model for the purpose of holding financial assets to collect and sell contractual cash flows.

Purchases or sales of financial assets that warrant the delivery of assets within a certain timeframe legally stipulated or recognized in the market (usual trade) are recognized on the trade date, that is, on the date of the Group's obligation to buy or sell these assets.

Subsequent Measurement

For the purpose of subsequent measurement, financial assets have been classified into the following categories:

- Financial assets at amortized cost (debt instruments),
- Financial assets at fair value through other comprehensive income with accrued profit and loss (debt instruments),
- Financial assets classified at fair value through other comprehensive income with no accrued gains and losses on derecognition (equity instruments),
- Financial assets at fair value through the consolidated statement of comprehensive income.

Financial Assets at Amortized Cost (Debt Instruments)

Financial assets are measured at subsequently amortized cost using the effective interest rate method and are subject to impairment. Gains and losses are recognized in the consolidated statement of comprehensive income when an asset is derecognized, adjusted, or depreciated.

Financial assets at the Group's amortized cost include trade receivables and other receivable balances.

Financial Assets at Fair Value through Other Comprehensive Income (Debt Instruments)

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation, impairment losses or reversal of entries in the consolidated statement of comprehensive income are recognized and accounted for in the same way as financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. On derecognition, the cumulative change in fair value included in other comprehensive income is recirculated to the consolidated statement of comprehensive income.

Financial Assets at Fair Value through Other Comprehensive Income (Equity Instruments)

Upon initial recognition, the Group may irrevocably elect to classify its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never rolled over into the consolidated statement of comprehensive income. Dividends are recognized as other income in the consolidated statement of comprehensive income when the right to payment arises, except when the Group benefits from these receipts as a recovery of part of the cost of the financial asset, in which case these gains are recorded in other comprehensive income. Equity instruments classified as fair value through other comprehensive income are not subject to impairment.

Financial Assets at Fair Value through the Consolidated Statement of Comprehensive Income

Financial assets classified at fair value are charged through the consolidated statement of comprehensive income in the consolidated statement of financial position with net changes in fair value included in the consolidated statement of comprehensive income.

This category includes derivative instruments and investments in quoted equity securities that the Group has not irrevocably elected to be designated at fair value through other comprehensive income. Dividends from investments in shares included as other income are recognized in the consolidated statement of comprehensive income when the right to payment arises.

The derivative instrument included in the hybrid contract with the financial obligation or the non-financial main contract is separated from the main contract and the instrument is calculated as a separate derivative, whether the economic characteristics and risks are not closely related to the main contract, with another independent instrument that has the same terms and conditions and meets the definition of a derivative without measuring the hybrid contract at fair value through the consolidated statement of comprehensive income. Implied derivative instruments are measured at fair value with changes in fair value included in the consolidated statement of comprehensive income. Re-estimation is made only if there is a change in the terms and conditions of the contract that would materially modify the cash flows or reclassify the financial asset outside the fair value through the consolidated statement of comprehensive income.

Derecognition

A financial asset (or part of a financial asset or part of a group of similar financial assets) is mainly derecognized (i.e. excluded from the group's consolidated statement of financial position) when:

1. The right to receive cash flows from the asset expires, or

- The Group transfers its rights to receive cash flows from an asset or assumes an obligation to pay cash flows received in full without material delay to a third party under a pass-through agreement, or (a) the Group transfers all risks and benefits of the asset or (b) the Group does not transfer or retain all risks and benefits of the asset, but transfers control of the asset.

When the Group transfers its rights to receive cash flows from an asset or enters into pass-through arrangements, it assesses whether and to what extent it has retained the risks and rewards associated with ownership and has not transferred or retained substantially all the risks and rewards associated with the asset and has not transferred its control over the asset, and the Group continues to recognize the transferred asset to the extent that the Group's relationship with it continues. In that case, the Group also continues to recognize the liabilities associated with the asset. The associated liability and the transferred asset are measured on a basis that reflects the rights and liabilities retained by the Group.

The continuation of the relationship in the form of security over the transferred asset is measured at the original book value of the asset and the maximum amount that the Group can be required to pay, whichever is less.

Impairment of Financial Assets

The Group recognizes the provision for expected credit losses for all debt instruments not held at fair value through the consolidated statement of comprehensive income. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted approximately at the original effective interest rate. Projected cash flows include cash flows from the sale of the collateral held or other credit enhancements that are an integral part of the contractual terms.

Expected credit losses are presented in two stages: with respect to credit risk exposures for which there has been no material increase in credit risk since initial recognition, provision is made for expected credit losses for credit losses that result from probable default events over the next 12 months (12-month ECLs). For credit risk exposures in which there has been a substantial increase in credit risk since initial recognition, a loss provision shall be made for the remainder of the risk period regardless of the timing of the default (the lifetime of the expected credit losses).

For trade and other receivables, the Group has applied a simplified approach to the calculation of expected credit losses. As a result, the Group does not track changes in credit risk, but does include a provision for losses based on the age of expected credit losses at the date of each financial report. The Group has formed a matrix provision based on past credit loss experience, adjusted for future factors related to debtors and the economic environment.

The Group considers that a financial asset is defaulted when contractual payments are (365) days overdue. However, in some cases, the Group may also consider that the financial asset is in default when internal and external information indicates that the Group is not likely to receive the full outstanding contractual amounts before taking into account the credit improvements maintained by the Group. A financial asset is written off in the absence of a reasonable expectation of recovery of contractual cash flows.

2. Financial Liabilities

Recognition and Initial Measurement

Financial liabilities, upon initial recognition, are classified as financial liabilities at fair value through the consolidated statement of comprehensive income such as loans, advances, payables or derivatives defined by hedging instruments in an effective hedge as the case may be. All financial liabilities are recognized initially at fair value and in the case of loans, advances and payables less costs directly attributable to the transactions. The Group's financial liabilities include trade payables, accrued amounts and credit facilities.

Subsequent Measurement

The measurement of financial liabilities is based on their classification as described below. Financial liabilities at fair value through the consolidated statement of comprehensive income include financial liabilities held for trading and financial liabilities determined at initial recognition at fair value through the consolidated statement of comprehensive income.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income. Financial liabilities classified at initial recognition at fair value through the consolidated statement of comprehensive income have been determined at the initial date of recognition and only if the requirements of IFRS 9 are met.

Financial Liabilities at Amortized Cost (Loans and Advances)

After initial recognition, interest-bearing loans and advances are subsequently measured at amortized cost using the effective interest method. Gains and losses are included in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate amortization process. The cost of amortization is calculated by taking into account any deduction or premium for acquisition, fees and costs that are an integral part of the effective interest rate. Amortization of the effective interest rate is included as financing costs in the consolidated statement of comprehensive income.

Derecognition

A financial obligation is derecognized when it is fulfilled, cancelled, or expires. When an existing financial obligation is replaced by another from the same lender on substantially different terms or the terms of the existing obligation, such replacement or modification shall be treated as a derecognition of the original financial obligation with recognition of the new obligation. The difference between the respective carrying amounts is recorded in the consolidated statement of comprehensive income.

3. Financial Instruments Offsetting

Financial assets and financial liabilities are offset and recorded net in the consolidated statement of financial position only when there is a current legally enforceable right to settle the carrying amounts and the Group has the intention to settle the assets with the liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

5.5.11 Inventory

Inventory is shown at cost or net selling value, whichever is lower. The cost of inventory is determined as follows:

Raw materials, packaging materials and spare parts:	– Cost of purchase based on weighted average
Production under operation and finished goods for manufacture:	– The cost of direct materials and direct labor plus their indirect expenses according to the level of normal activity

Net selling value is the estimated selling price during the normal activity minus the estimated cost of completion and any other costs entailed in completing the sale.

5.5.12 Impairment of Non-financial Assets

At the date of preparation of the financial statements, the Group estimates whether there is an indication that an asset is impaired. In the event that there is any indication of this, or when there is a need to conduct an annual test for the decline in the value of the asset, the Group estimates the recoverable value of the asset. The recoverable amount of an asset is the higher of the fair value of the asset or cash-generating unit less the cost of sale or value in use of the asset, and is determined for the individual asset unless the asset generates cash flows that are substantially independent of expenditures generated from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds the asset's recoverable amount, the asset's value shall be reduced and its value shall be reduced to its recoverable amount. When determining the value in use, future cash flows are discounted to present value using a pre-tax discount rate that reflects market estimates of the time value of money and the risks associated with the asset. In determining fair value minus closing costs, recent market transactions - where available, or the appropriate valuation model - are considered.

In calculating the impairment, the Group relies on detailed budgets and estimated calculations that are prepared separately for each cash-generating unit in the Group for which individual assets are distributed. These detailed budgets and estimated accounts usually cover five years. To cover longer periods, a long-term growth rate is calculated and applied to the future cash flows of the project after the fifth year.

Impairment losses for continuing operations, including impairment of goods, are recognized in the consolidated statement of comprehensive income under expenses consistent with the function of the asset that has depreciated.

For assets other than goodwill, an assessment is made at each consolidated statement of financial position date to determine whether there is any indication that previously recognized impairment losses no longer exist or may have decreased. If such an indication exists, the Group estimates the recoverable amount of the asset or cash-generating unit. An impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. The reversal of the impairment loss is recognized in the consolidated statement of comprehensive income.

5.5.13 Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances, cash on hand, and checks that are convertible to cash with a maturity of three months or less at the time of origination and that are subject to an insignificant risk of changes in value, if any.

5.5.14 Provisions

Provisions are recognized when there is a present obligation (legal or constructive) on the Group arising from past events, and it is probable that the Group will be required to repay that obligation through cash flows out of the Group that represent economic benefits and that a significant estimate of the amount of the obligation can be made. In cases where the Group expects to recover some or all of the provisions, for example under an insurance contract, the recoveries are recognized as a separate asset only when the recovery is actually confirmed. The expense related to the provision is presented in the consolidated statement of comprehensive income after deducting any refunds.

If the effect of the time value of money is material, provisions are deducted using the current pre-tax rate which, when appropriate, reflects the risks associated with that obligation. When the discount is applied, the increase in the provision over time is recognized as a financing expense.

5.5.15 Employee Benefit Liabilities

1. Short-term Liabilities

These include obligations related to salaries and wages, including non-monetary benefits, accrued leave, travel expenses, education allowance, and furniture allowance, which are expected to be fully settled within 12 months after the end of the year in which the related service is provided by the employee. These liabilities are recognized up to the end of the period for which the consolidated financial statements are prepared and are measured at the amounts expected to be paid upon settlement of the obligations. Such liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

2. Defined Benefit Program

A defined benefit plan is an end-of-service benefit plan that is different from a defined contribution plan. The net liability included in the consolidated statement of financial position in respect of the defined post-employment benefit plan is the present value of the defined benefit obligation as of the date of the consolidated financial report. The defined benefit obligation is calculated annually by an independent actuary using the unit credit method. The present value of a defined benefit obligation is determined by discounting estimated future cash flows using interest rates on high-quality corporate bonds and is denominated in the currency in which the benefits will be paid. In countries where there is no market for such bonds, market rate rates are used for government bonds. Net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the program assets. This cost is included in employee benefit expenses in the consolidated statement of comprehensive income.

Re-measurement gains and losses resulting from past adjustment experience and changes in actuarial assumptions are included in the period in which they appear in the consolidated statement of comprehensive income.

Changes in the present value of the defined benefit obligation arising from program adjustments or reductions are recognized immediately in the consolidated statement of comprehensive income as a past service expense.

Current and past expenses for after-service benefits are recognized immediately in the consolidated statement of comprehensive income, while the reversal of the liability adjustment discount rates is recorded as a financial cost. Any changes in the net liability due to actuarial valuations and changes in assumptions are remeasured and included in the consolidated statement of comprehensive income. The actuarial valuation process takes into account the provisions of the Labor Law in the Kingdom of Saudi Arabia and the Group's policy.

5.5.16 Revenue from Contracts with Customers

Revenue accrues from contracts with customers when control of goods or services passes to the customer and in an amount that reflects the price that the Group expects to receive for such goods or services.

The following are special considerations that shall be met before revenue is recognized:

Sale of Goods

Revenue verifies the sale of goods when control of the asset is transferred to the customer and this is generally when the goods are delivered - a point in time -.

The Group takes into account the availability of other promises in the contract that constitute an independent performance obligation to which part of the transaction price shall be allocated (such as: guarantees, discount on quantities). In determining the transaction price for sales of goods, the Group takes into account the effect of the variable price, the existence of material financing elements, a non-cash price and a price payable to the customer (if any).

Variable Price

If the price in the contract includes a variable amount, the Group estimates the amount of the price it will be entitled to in exchange for transferring the goods to the customer. The variable price is estimated at the time of entering into the contract and remains restricted until it becomes probable and strongly opposite to a substantial revenue in the amount of accumulated revenue recorded and this will not occur when the uncertainty associated with the variable price is removed later. Some contracts for the sale of goods give the customer the right of return and the right to receive a discount on quantities. Both the right of return and the commercial discount increase the variable price.

Trade Discount

The Group provides a discount on quantities with a future effect for some customers in the event that the quantity of products purchased during the year exceeds the ceiling specified in the contract. Deductions are settled against amounts payable to the customer. In order to estimate the variable price of expected future discounts, the Group applies the most likely amount method for single-ceiling contracts to discount quantity, and the expected value method for contracts with more than one ceiling to obtain a discount on quantities. The number of trade discount ceilings in the contract mainly determines the best way to expect the best variable price amount. The Group then applies the requirements of the bound estimates to the variable price and records a return obligation against the expected future discounts on quantities.

Transportation Services

Revenue from transportation services is realized when control of the asset passes to the customer and is generally when the goods are delivered (point in time).

5.5.17 Expenses

All expenses, including operating expenses, general and administrative expenses, and other expenses, are recognized and included in the consolidated statement of comprehensive income in the financial year in which those expenses are realized.

Selling and distribution expenses are those expenses that relate to sales and distribution employees and other incidental expenses related to them, and all other expenses are classified as general and administrative expenses.

5.5.18 Zakat and Taxes

1. Zakat

The parent company shall measure and prove the Zakat provision for each financial period separately in accordance with the provisions and rules of Zakat in the Kingdom of Saudi Arabia on the basis of the accrual principle. Zakat payable is charged separately to the consolidated statement of comprehensive income. Any additional Zakat obligations, if any, shall be recorded in the same financial year in which the Zakat assessment is approved.

2. Income Tax

For the subsidiary in the Arab Republic of Egypt, income tax is measured for the current period and prior periods according to the amount expected to be recovered or paid to the tax authorities. The tax rate and tax laws used in calculating the value of current income tax are those applied at the date of the statement of financial position in the Arab Republic of Egypt.

Deferred taxes are estimated using the liability method on the temporary differences between the tax base of assets and liabilities and their carrying amounts according to the financial statements at the date of preparing the financial position. Deferred tax liabilities are recognized for all temporary tax differences except in the following cases:

- If the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction other than a business combination and does not, at the time of the transaction, affect the accounting profit or taxable profit or loss.
- Taxable temporary differences relating to investments in subsidiaries, associates or joint ventures, when the timing of reversal of temporary differences can be controlled and it is probable that temporary differences will not be reversed in the near future.

Deferred tax assets are recognized for all allowable temporary differences, unused tax deductions or unused tax losses to the extent that such temporary differences can be deducted from taxable profit except:

- If the deferred tax asset related to temporary differences that are allowed to be deducted from the initial recognition of an asset or liability arises in a transaction other than a business combination and does not affect - at the time of the transaction - the accounting profit, profit or loss subject to tax.
- With respect to allowable temporary differences relating to investments in subsidiaries, associates or joint ventures, deferred income tax assets are realized only when temporary differences are likely to be reversed in the near future, and there is a taxable profit that results in the use of temporary differences.

The carrying amount of deferred tax assets is reviewed at the date of preparation of each statement of financial position and reduced to the extent that it is unlikely that sufficient taxable profit will be available to allow for the use of part or all of the deferred tax assets. Deferred tax assets that are not recognized at the date of preparation of each financial position are revalued and recognized to the extent that the deferred tax assets are likely to be covered by future taxable profits.

For the subsidiary of the Arab Republic of Egypt, deferred tax assets and liabilities are measured using the tax rates expected to apply in the period in which the asset is realized or the liability is settled based on the tax rates (and tax laws) in force at the date of preparing the statement of financial position.

Current and deferred tax are recognized as income or expense in the consolidated statement of comprehensive income. Current and deferred tax related to a transaction or event is recorded directly within shareholders' equity.

Deferred tax assets and liabilities are offset if the law guarantees the right to use current tax assets to pay current income tax liabilities and the deferred income taxes are specific to the same taxable entity before the same taxing authority.

3. VAT Expenses and assets are recognized at net value (less VAT) except when VAT is due on the purchase of assets or services that are not recovered from the Zakat, Tax and Customs Authority, in which case VAT is recognized as part of the cost of acquiring the asset or as part of the expense as the case may be. Where receivables and payables are shown together with the amount of VAT, the net amount of sales tax recoverable from or payable to the tax authority is included as part of the receivables or payables in the consolidated statement of financial position.

5.5.19 Foreign Currencies

1. Transactions and Balances

The Group's consolidated financial statements are presented in Saudi Riyals (SAR), which is the parent company's functional currency. Each entity in the Group determines its own functional currency, and items included in the financial statements of each entity are measured in that currency. The Group has elected to reuse the profit or loss resulting from the direct method of consolidation, which is the method used to complete the Group's consolidation.

Transactions in foreign currency are initially recorded by the Group Companies in their respective operating currencies at the rate prevailing on the date of the transaction.

Assets and liabilities of a monetary nature denominated in foreign currency are translated back into operating currency at the spot rate prevailing at the date of preparation of the consolidated statement of financial position.

All differences arising from the adjustments or translation of monetary items are recorded in the consolidated statement of comprehensive income except for monetary items that represent a hedge of the Group's net investments in the subsidiary, where they are transferred to the consolidated statement of comprehensive income upon disposal of the net investment, whereupon they are recognized in the consolidated statement of comprehensive income. Tax burdens and changes resulting from variances in those monetary items are treated in the consolidated statement of comprehensive income.

Non-monetary items measured at historical cost in a foreign currency are measured at the currency rate prevailing at the date of the underlying transaction. Non-monetary items in foreign currencies measured at fair value are translated using the currency rate at the date of determining their fair value. Gain or loss arising from the re-translation of non-monetary items shall be treated in the same manner as the gain or loss arising from the change in fair value of the item (i.e., differences in the translation of items for which the change in fair value is recognized in the consolidated statement of comprehensive income are also treated in the same way, respectively).

2. The Group Companies

Upon consolidation, assets and liabilities in the foreign currency of the operations (of the subsidiary) shall be translated into Saudi Riyals at the conversion rate prevailing at the date of preparation of the consolidated financial statements and the consolidated statement of comprehensive income items shall be translated at the conversion rate prevailing at the date of the transactions. Currency differences arising from translation are shown directly in the consolidated statement of comprehensive income. When foreign operations are excluded, the component of other comprehensive income related to this foreign transaction is recognized in the consolidated statement of comprehensive income.

Any goodwill arising from the acquisition of foreign operations and any adjustments in the fair value of assets and liabilities carried at book values resulting from the acquisition are treated as assets and liabilities associated with foreign operations and are translated at the closing price at the date of the consolidated financial statements.

5.5.20 Cash and Non-Cash Dividends to the Shareholders of the Parent Company

Cash or non-cash dividends to shareholders of the parent company are recognized as liabilities upon approval of the distribution, and that the distribution is no longer dependent on the desire of the Company. In accordance with the Companies Law of the Kingdom of Saudi Arabia, dividends are approved when approved by shareholders. The distributed amount is deducted directly from the equity and recognized as a liability and the Board of Directors may approve an interim paid dividend to be approved by the subsequent General Assembly.

Non-cash dividends, if any, are measured at the fair value of the assets to be distributed and fair value remeasurement is recognized directly in equity.

When non-cash assets are distributed, any difference between the carrying amount of the liabilities and the carrying amount of the distributed assets is recognized in the consolidated statement of comprehensive income.

5.5.21 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires the Group's management to make judgements, estimates and assumptions that affect the amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of preparation of the consolidated financial statements. The uncertainty contained in these assumptions and estimates may result in significant adjustments to the values of assets or liabilities that may be affected in future periods.

1. Judgements

In the context of applying the Group's accounting policies, management has made the following provisions which have had the most material impact on the amounts included in the consolidated financial statements:

a. Property, machinery and equipment component parts

Group assets classified as property, machinery and equipment are depreciated on a straight-line basis over their economic useful lives. In determining the economic useful life of the asset, it is divided into important parts so that each part is consumed independently, and it is necessary to ascertain the main components of the asset, and while determining the importance of the component, management takes into account the quantitative importance of the component as well as qualitative factors such as the difference in useful life compared to the basic asset, depreciation method and replacement cycle/maintenance schedule.

b. Determine lease term with extension and termination options – The Group as Tenant

The Group determines the lease term as non-cancellable for any periods covered by the option to extend the contract if the Group is reasonably certain of the likelihood of exercising such option, or for any periods covered by the option to terminate the contract if the Group is reasonably certain of the likelihood of not being able to exercise such option.

The Group has several leases that include rollover and termination options. The Group shall exercise discretion in assessing the reasonableness of ensuring that the option to extend or terminate the Contract is exercised. To this end, the Group takes into account all relevant factors that constitute an economic incentive to exercise the option to extend or terminate. After the Lease Commencement Date, the Group re-evaluates the term of the Lease if there is a material event or change in circumstances within its control that affects the

Group's ability to exercise or not exercise the option to renew or terminate the Lease (e.g., establish substantial improvements or material structuring of the leased asset).

c. Determination of control

Management has taken into account the accounting treatment and principles contained in IFRS 10 "Consolidated Financial Statements" and has determined that certain entities are under the control of SIDC. To determine the appropriate accounting treatment of the subsidiary, management has applied substantial provisions.

If management provisions change, this will result in these facilities being de-unified and instead will be treated as a joint arrangement or associate.

These entities currently have consolidated assets and liabilities that affect the consolidated statement of financial position and the consolidated statement of comprehensive income (Note 16).

The Group owns 50% of Emmdad Logistic Services "Emmdad", a limited liability company (a subsidiary), and the number of directors of the other partner in that subsidiary exceeds the number of directors representing the Group, and it was considered that the Group controls this subsidiary. The following are the main considerations and provisions applied by management on the conclusion of the Group's control over the Subsidiary:

- The Partners' Assembly of the other partner in the subsidiary company (Emmdad Logistic Services) are the members of the Board of Directors of the Global Marketing Company for Sleeping System Ltd. (Sleep High).
- The contribution of the parent company and its subsidiaries to the revenues of the activity in Emmdad Logistic Services Company is 60% (31 December 2022: 60%).

As such, the Group has the power and capability to influence variable returns and control the facility.

2. Estimates and Assumptions

The following are key assumptions regarding future and other sources that cause uncertainty of estimates at the date of preparation of the consolidated financial statements and to which significant risks are associated that may cause significant adjustments to the carrying amounts of assets and liabilities in the following financial periods. The Group has based its estimates and assumptions on the standards available for the preparation of the consolidated financial statements. However, existing conditions and assumptions about future developments may change according to changes in the market or circumstances arising outside the Group's control. These changes are reflected in the assumptions as they occur.

a. Useful lives of property, machinery and equipment

The Group's management determines the estimated useful lives of property, machinery and equipment for the purposes of calculating depreciation. These estimates are determined after taking into account the expected use of assets or damage and normal wear and tear. The Department examines the residual value and useful lives on an annual basis and amortization expenses are adjusted on a future basis if the Department considers that the useful lives differ from previous estimates.

b. Impairment of non-financial assets

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds the recoverable amount as its fair value less disposal costs or its value in use - whichever is higher. Fair value less exclusion calculation costs is based on available data from binding sales transactions made on a commercial basis for similar assets or observable market prices less additional costs to exclude the asset. The calculation of the value in use is based on the discounted cash flow model. Cash flows are derived from the budget for the next five years and do not include restructuring activities that the company has not yet committed to or significant future investments that could enhance the asset performance of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used in the discounted cash flow model as well as the expected future cash inflows and growth rate used for future extrapolation purposes.

c. Provision for expected credit losses on trade receivables

The Group uses a provisioning matrix to calculate ECLs for trade receivables. Provision rates are based on the number of days elapsed for groupings of different customer segments with similar loss patterns (in terms of: geographical presence, product type, customer type, customer classification, guarantees of coverage through documentary credits and other forms of credit guarantees).

The matrix is initially based on the historical default rates of the group. The group calibrates the matrix to adjust the historical experience of credit loss in light of information expected for the future. For example, if expected economic conditions (GDP) indicate a downturn in the economy over the next year that would increase the number of defaults, historical default rates are adjusted accordingly. At the date of each financial report, the observed historical default rates are updated and changes in future estimates are analyzed.

Assessing the correlation between observed historical default rates, expected economic conditions, and expected credit losses is a material estimate. The amount of expected credit losses is highly sensitive to changes in expected economic conditions and circumstances. The historical credit loss experience of the Company and the expected economic conditions may not represent the actual default of customers in the future.

d. Taxes

Doubt arises as to the interpretation of the Composite Tax Regulations and the amount and timing of future taxable income. Taking into account the broad scope of international business relationships, the long-term nature of existing complex contract agreements and the differences arising between actual results and assumptions made or future changes to those assumptions that may necessitate future adjustments to recorded income and expense tax. The Group has established allocations based on acceptable estimates of potential audit results by tax authorities in the respective countries in which the Group operates. The amounts of these allowances depend on several factors such as previous experience of tax audits and interpretations of tax regulations by the taxable entity and the responsible tax authority. Those differences of interpretation may arise in several respects depending on the circumstances prevailing at the headquarters of the company in question. Potential liabilities are not recognized when the Group assesses the possibility of litigation and the existence of cash flows for future funds.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profits will be available in the future that the losses can be used to cover them. The fundamental diligence of management requires determining the amount of deferred tax assets to be recognized based on the appropriate timeframe, the level of future tax profits, and future tax planning strategies.

e. Employee Benefit Programs

The cost of defined benefit liabilities and employee end of service benefits is determined by actuarial valuations. Actuarial valuations require many assumptions to be made which may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, and mortality rates. Due to the complex nature of the valuation and the assumptions involved and their long-term nature, defined benefit liabilities are significantly affected by changes in these assumptions. All assumptions are reviewed at the date of each annual financial report.

The discount rate is the most subject to change. In determining the appropriate discount rate, management shall take into account the commission rates on corporate bonds registered in currencies that correspond to the specified post-employment employee benefit obligations, and shall be estimated when needed with the rate of return to align with the expected duration of the defined benefit obligation. The quality of the bonds in question is also reviewed. Those bonds that have high credit margins are excluded from the bond analysis on the basis of which the discount rate was determined, as they do not represent high-quality bonds.

The mortality rate is determined based on publicly available mortality tables in the respective countries. These mortality tables are subject to change only from time to time according to demographic changes. Future salary increases are determined based on the expected future inflation rates of the countries concerned and future salary increases.

f. Measuring the Fair Value of Financial Instruments

In the event that the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on prices traded in active markets, their fair value shall be determined using valuation methods including a discounted cash flow model. The input of these models is obtained from observable markets, when possible, but if this is not feasible, a degree of judgment shall be used to determine fair values. The provisions include considerations for inputs such as liquidity risk, credit risk, and volatility. Changes in assumptions related to these factors may affect the disclosed fair value of financial instruments.

g. Leases - estimating the increased borrowing rate

The Group cannot immediately determine the interest rate embedded in the leases and therefore the Group uses the increased borrowing rate in measuring the lease obligations. The increased borrowing rate is the interest rate that the Group shall pay in order to borrow for a similar period with a similar guarantee and the amounts necessary to obtain an asset of a similar value to the asset right of use in a similar economic environment. Thus, the increased borrowing rate reflects the "amount to be paid by the Group" which requires an estimate when noticeable prices are not available or when adjustment is needed to suit the terms and conditions of the lease (e.g. when the currency of payment is in contracts other than the functional currency of the Group). The Group estimates the increased borrowing rate using observable data (such as: prevailing market interest rates) available and when certain estimates are necessary for the Group and (such as: the credit rating of the subsidiary).

h. Impairment

Goods are recorded at cost or net realizable value, whichever is lower. When the goods become obsolete or damaged, their realizable value is estimated. In the case of large amounts of goods per se, an estimate is made for each item separately. As for the amounts of goods that are not large per se but are obsolete or damaged, the estimate is made on a gross basis. The provision is formed according to the type of goods and the degree of obsolescence or damage based on the net realizable value, which represents the expected sale price minus the estimated costs to complete the sale.

i. Goodwill - Annual test for impairment of goodwill

Tests for impairment of goodwill are performed for the group of cash-generating units to which the goodwill has been allocated. A group of cash-generating units is determined based on certain acquisitions and cash-generating units resulting from those acquisitions. The structure and groups of cash-generating units are evaluated on an annual basis. A test in goodwill value shall be conducted at least annually for each group of cash-generating units to which goodwill is allocated. To determine value from use, discounted cash flow models are used.

The most important indicators in the impairment test include assumptions regarding the sales growth rate and pre-tax discount rates.

5.6 Results of operations for the financial years 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G

5.6.1 Consolidated statement of profit or loss and other comprehensive income

Table 12: Consolidated statement of profit and loss and other comprehensive income for the financial years ended 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G

SAR in 000s	Finan- cial year 2021G (Audit- ed)	Finan- cial year 2022G (Audit- ed)	Finan- cial year 2023G (Audit- ed)	Annual change 2021G - 2022G	Annual change 2022G - 2023G	Com- pound Annual Growth Rate 2021G – 2023G	The six- month period ending on 30-Jun- 2023G (Unaudit- ed)	The six- month period ending on 30 June 2024G (Unaudit- ed)	Change for the six-month period 2023G - 2024G
Sales	163,079	155,347	150,945	(4.7%)	(2.8%)	(3.8%)	85,351	71,987	(15.7%)
Cost of Sales	(136,270)	(133,283)	(122,165)	(2.2%)	(8.3%)	(5.3%)	(67,553)	(55,985)	(17.1%)
Gross profit	26,808	22,064	28,781	(17.7%)	30.4%	3.6%	17,798	16,002	(10.1%)
Selling and Distribution Expenses	(15,096)	(19,150)	(18,971)	26.9%	(0.9%)	12.1%	(9,536)	(9,410)	(1.3%)
General and administrative expenses	(31,838)	(33,394)	(32,494)	4.9%	(2.7%)	1.0%	(16,087)	(12,189)	(24.2%)
Impairment of goodwill	-	-	(30,000)	N/A	N/A	N/A	-	-	N/A
Impairment of property, machinery and equipment	-	(3,106)	(16,367)	N/A	426.9%	N/A	(1,619)	-	(100.0%)
Impairment of current assets	(8,461)	(8,277)	(9,468)	(2.2%)	14.4%	5.8%	(2,826)	(5,557)	96.6%
Loss from operation	(28,586)	(41,863)	(78,518)	46.4%	87.6%	65.7%	(12,269)	(11,155)	(9.1%)
Gains realized from financial assets at fair value through profit or loss	440	-	2,224	(100.0%)	N/A	124.8%	2,223	4,804	116.1%
(Loss) / unrealized gain on financial assets at fair value through profit or loss	613	990	(302)	61.6%	(130.5%)	N/A	(1,472)	(546)	(62.9%)
Dividends from financial assets at fair value	1,532	1,325	1,115	(13.5%)	(15.9%)	(14.7%)	547	378	(30.9%)
Financing Costs	(913)	(1,350)	(1,964)	47.9%	45.5%	46.7%	(1,017)	(1,192)	17.2%
Other income	6,545	3,318	6,635	(49.3%)	100.0%	0.7%	4,248	365	(91.4%)
Net loss before Zakat and income tax	(20,371)	(37,580)	(70,811)	84.5%	88.4%	86.4%	(7,741)	(7,346)	(5.1%)
(Accrued Zakat)/ Reversal of Zakat Provision	(2,126)	537	(714)	(125.3%)	(232.9%)	(42.1%)	(1,658)	(430)	(74.1%)
Income Tax and Deferred Tax	(1,234)	(1,104)	(1,373)	(10.5%)	24.4%	5.5%	5	0	(99.7%)
Loss of the year	(23,730)	(38,147)	(72,897)	60.8%	91.1%	75.3%	(9,394)	(7,776)	(17.2%)
Other comprehensive income									
Items that may later be reclassified as profit or loss:									
Foreign Currency Translation Differences	38	(9,637)	(3,268)	(25360.9%)	(66.1%)	N/A	(3,234)	(6,476)	100.2%
Items that will not be reclassified later as profit or loss:									
Realized gains on financial assets at fair value through other comprehensive income.	2,208	23,049	2,880	943.8%	(87.5%)	14.2%	652	-	(100.0%)

SAR in 000s	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Financial year 2023G (Audited)	Annual change 2021G - 2022G	Annual change 2022G - 2023G	Compound Annual Growth Rate 2021G – 2023G	The six-month period ending on 30-Jun-2023G (Unaudited)	The six-month period ending on 30 June 2024G (Unaudited)	Change for the six-month period 2023G - 2024G
Unrealized gains / (losses) with financial assets at fair value with other comprehensive income.	16,883	(14,642)	6,293	(186.7%)	(143.0%)	(38.9%)	7,757	(3,149)	(140.6%)
Re-measurement of employee defined benefit liabilities	(1,070)	3,035	(247)	(383.6%)	(108.1%)	(52.0%)	-	-	N/A
Total other comprehensive income items	18,059	1,805	5,658	(90.0%)	(213.4%)	(44.0%)	5,174	(9,625)	(286.0%)
Net comprehensive loss for the period	(5,671)	(36,341)	(67,240)	(540.8%)	85.0%	244.3%	(4,220)	(17,401)	312.4%

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and unaudited summary financial statements for the six-month period ended 30 June 2024G.

Table 13: Key performance indicators for the financial years ended 31 December 2021G, 2022G and 2023G and the six-month periods ended 30 June 2023G and 2024G

Key Performance Indicators	Financial year 2021G (Management Information)	Financial year 2022G (Management Information)	Financial year 2023G (Management Information)	Annual change 2021G - 2022G	Annual change 2022G - 2023G	Compound Annual Growth Rate 2021G – 2023G	The six-month period ending on 30-Jun-2023G (Management Information)	The six-month period ending on 30 June 2024G (Management Information)	Rate of change for the period 2024G - 2023G
As a percentage of sales									
Gross profit	16.4%	14.2%	19.1%	(2.2)	4.9	2.6	20.9%	22.2%	1.4
Selling and Distribution Expenses	9.3%	12.3%	12.6%	3.1	0.2	3.3	11.2%	13.1%	1.9
General and administrative expenses	19.5%	21.5%	21.5%	2.0	0.0	2.0	18.8%	16.9%	(1.9)
Net loss before Zakat and income tax	(12.5%)	(24.2%)	(46.9%)	(11.70)	(22.72)	(34.4)	(9.1%)	(10.2%)	(1.1)
Loss of the year	(14.6%)	(24.6%)	(48.3%)	(10.0)	(23.7)	(33.7)	(11.0%)	(10.8%)	0.2

Source: Management Information

Sales

The Group's sales fall into three main segments:

1. Mattresses and foam - which accounted for 86.6% of total sales during the historical period and which relate to sales of spring mattresses, sponges of various pressures, sponge mattresses, beds, accessories-related commercial agencies, pillows and protective covers, and pressed sponges;
2. Sanitary ware - which accounted for 7.7% of total sales during the historical period and which relates to sales of sanitary fixtures, wall tiles, ceramic and acrylic flooring, and bathtubs; and
3. Transportation - which accounted for 5.7% of the total sales during the historical period and which relates to the transport services provided by Emmdad Logistic Services.

Sales decreased by 4.7% from SAR 163.1 million in FY 2021G to SAR 155.3 million in FY 2022G, mainly as a result of:

1. Sales of the Global Marketing Company for Sleeping System Ltd. decreased by SAR 5.7 million, associated with a decrease in the average selling price per unit sold from SAR 200 to SAR 167 (16.7%) due to the impact of the sales mix during the period, as customer demand shifted towards low-priced products, and the increase in discounts as a percentage of sales from 19.2% to 19.9%.

2. The decline in sales of the Arabian Spring & Foam Mfg. Company Ltd. (Sleep High) by SAR 2.7 million, which is related to the decrease in the quantities sold of sponges by 34.5%, equivalent to 374 thousand kilograms due to the decrease in the purchasing power of consumers as a result of the decline in the exchange rate of the Egyptian pound during the period. It shall be noted that the sales of the subsidiary in the Arab Republic of Egypt in the Egyptian pound (which is the currency of the financial statements of the subsidiary) achieved increases during the periods of this report. For the purposes of preparing this report (in Saudi riyals), the financial statements translated into Saudi riyals were based on the subsidiary, which resulted in translation differences associated with the decline in the exchange rate of the Egyptian pound during the periods of this report, which resulted in a decrease in sales translated into Saudi riyals.

Sales decreased by 2.8% from SAR155.3 million in financial year 2022G to SAR 150.9 million in the financial year 2023G, driven by the decline in sales of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) worth SAR 11.2 million, despite the relatively stable sales in Egyptian pounds during the period, after a successive decline in the exchange rate of the Egyptian pound, and the management's adjustment of product prices in January 2023G to reflect the dollar rate in the parallel market, as there was a large disparity between the exchange rate in the parallel market and the exchange rate in banks. In addition, the discounts granted in the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) as a percentage of sales increased from 10.8% to 21.0% during the period. The decrease in sales of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) was partially offset by an increase in sales of the Global Marketing Company for Sleeping System Ltd. of SAR 6.7 million, which was mainly related to the impact of the sales mix as management made efforts to increase sales of higher-priced products and, to a lesser extent, an increase in quantities sold by 1.6%. It was partially offset by an increase in discounts as a percentage of sales from 19.9% to 23.0% during the period.

Sales decreased by 15.7% from SAR 85.4 million in the six-month period ended 30 June 2023 to SAR 72.0 million in the six-month period ended 30 June 2024G, mainly as a result of:

1. The decline in sales of the Global Marketing Company for Sleeping System Ltd. by SAR 8.9 million associated with the decrease in sales resulting from projects by SAR 8.6 million due to the postponement of some projects by contractors to the fourth quarter of 2024G and the first quarter of 2025G, as well as the impact of the combination of low-priced sales, coupled with the increase in discounts as a percentage of sales to 26.1% in the six-month period ending June 30, 2024G; and
2. The decline in sales of the SIDC Ceramic Plant worth SAR 3.3 million, associated with the shift in consumer desire from two-piece sanitary ware (which the company used to manufacture), to one-piece sanitary ware, and the continued dumping of Chinese and Indian products in the local market at low prices compared to the Company's prices. This has translated into the sale of products at discounted prices (with discounts averaging 53.0% of total sales during the periods 2021G-2024G), and in some cases prices have been reduced below cost to maintain market share and market presence.

Cost of Sales

The cost of sales consists of (1) consumables and spare parts (64.1% of the total cost of sales during the historical period), (2) salaries, wages and the like (18.0%), (3) depreciation of property, machinery and equipment (6.6%) and other (11.2%) mainly related to the depreciation of right-of-use assets, repair and maintenance, fuel, transportation, communications and utilities.

The cost of sales decreased by 2.2% from SAR 136.3 million in financial year 2021G to SAR 133.3 million in financial year 2022G, driven by a decrease in consumables and spare parts of SAR 6.9 million due to the Group obtaining favorable prices from suppliers as the average cost per kilogram of the two main raw materials decreased by 25.5% during the period. This was partially offset by an increase in (i) salaries, wages and the like of SAR 2.3 million as a result of salary increases resulting in higher average salaries per employee and(ii) hydrocarbons and transportation of SAR 550,000 in line with increased fuel prices during the period, among other costs.

The cost of sales decreased by 8.3% from SAR 133.3 million in FY22 to SAR 122.2 million in FY23, driven by a decrease in consumables and spare parts of SAR 16.9 million in line with the decline in sales and a decrease in the cost of the Group's key raw materials by 19.9% during the period. This was partially offset by an increase in (1) salaries, wages and the like of SAR 2.0 million due to the hiring of additional temporary workers in FY23 compared to FY22 due to the decrease in the number of employees between FY22 and FY23 and (2) depreciation of property, machinery and equipment of SAR 984,000 in line with the additions made during the year regarding machinery and equipment for production lines.

The cost of sales decreased by 17.1% from SAR 67.6 million in the six-month period ended 30 June 2023 to SAR 56.0 million in the six-month period ended 30 June 2024, driven by a decrease in (i) consumables and spare parts of SAR 11.1 million in line with the decline in sales during the period and (ii) depreciation of property, machinery and equipment of SAR 861,000 due to the sale of some vehicles and some machinery previously used in production lines. This was partially offset by an increase in fuel and transportation costs of SAR 606,000 due to an increase in transportation prices that occurred at the end of 2023G, which appeared in the figures of 2024G.

Gross Profit

Gross profit decreased by 17.7% from SAR 26.8 million in FY 2021 to SAR 22.1 million in FY 2022 as a result of:

1. Decrease in sales of SAR 7.7 million due to the decrease in sales from both the Global Marketing Company for Sleeping System Ltd. and the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) , which was partially offset.
2. The decrease in the cost of sales by SAR 3.0 million due to the decrease in the cost of consumables and spare parts during the period, after the decrease in the costs of two of the three main raw materials, partially offset by an increase in staff costs associated with an increase in the average monthly cost per employee from SAR 2.9 thousand to SAR 3.7 thousand.

The gross profit margin decreased from 16.4% in FY 2021 to 14.2% in FY 2022 as the lower cost of sales was lower than the lower sales.

Gross profit increased by 30.4% from SAR 22.1 million in FY22 to SAR 28.8 million in FY23 as a result of:

1. Decrease in cost of sales of SAR 11.1 million due to decrease in consumables and spare parts in line with decrease in sales and decrease in cost of Group key raw materials by 19.9% during the period, partially offset by
2. The decline in sales by SAR 4.4 million was driven by the decline in sales of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) by SAR 11.2 million, despite the relatively stable sales in Egyptian pounds during the period, after a successive decline in the exchange rate of the Egyptian pound during the period. The decrease in sales of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) was partially offset by the increase in sales of the Global Marketing Company for Sleeping System Ltd. worth SAR 6.7 million, which was mainly related to the impact of the sales mix as management made efforts to increase sales of higher-priced products.

Gross profit margin increased from 14.2% in FY22 to 19.1% in FY23 due to lower sales than lower cost of sales.

Gross profit decreased by 10.1% from SAR 17.8 million in the six-month period ended 30 June 2023 to SAR 16.0 million in the six-month period ended 30 June 2024 as a result of a decrease in sales by SAR 14.4 million, driven by a decrease in sales of the Global Marketing Company for Sleeping System Ltd of SAR 8.9 million associated with a decrease in sales resulting from projects of SAR 8.6 million due to the postponement of some projects by contractors to the fourth quarter of 2024G and the first quarter of 2025G, as well as the impact of the combination of sales with low prices, along with the increase in discounts as a percentage of sales to 26.1% in the six-month period ended 30 June 2024G. This was offset by a decrease in the cost of sales of SAR 11.6 million driven by a decrease in consumables and spare parts of SAR 11.1 million in line with the decline in sales during the period and the depreciation of property, machinery and equipment of SAR 861,000 due to the sale of some vehicles and some machines that were previously used in production lines.

The gross profit margin increased from 20.9% in the six-month period ended June 30, 2023 to 22.2% in the six-month period ended June 30, 2024G as the decline in sales was less than the decrease in cost of sales.

Selling and Distribution Expenses

Selling and distribution expenses mainly consist of (1) salaries, wages and the like related to the sales team (50.1% of the total during the historical period), (2) depreciation of right-of-use assets (15.6% of the total) related to twelve contracts, and (3) advertising expenses (13.5% of the total), among other expenses.

Selling and distribution expenses increased by 26.9% from SAR 15.1 million in FY 2021 to SAR 19.2 million in FY 2022 mainly as a result of:

1. An increase in salaries and wages of SAR 1.2 million, which was associated with an increase in the number of employees from 97 to 103, in addition to an increase in the average monthly cost per employee from SAR 7,000 to SAR 7,600 due to higher average salaries for new employees, and compliance with minimum salary requirements;
2. High depreciation of SAR 883,000 right-of-use assets related to showrooms;
3. Reversal of expenses of SAR 783 thousand recorded in the financial year 2021G related to the auditor's amendments to SIDC Ceramic Plant "Ceramic".

Selling and distribution expenses were relatively stable at SAR 19.1 million during financial year 2022G and financial year 2023G, and SAR 9.5 million during the six months ended June 30, 2023G and the six months ended June 30, 2024G.

General and Administrative Expenses

General and administrative expenses consist mainly of (1) salaries, wages and the like related to administrative staff and the head office of the parent company (60.4% of the total during the historical period), and (2) expenses, allowances and benefits of the members of the Board of Directors and related committees (11.9% of the total), among other expenses.

General and administrative expenses increased by 4.9% from SAR 31.8 million in FY 2021 to SAR 33.4 million in FY 2022 mainly as a result of:

1. An increase in the expenses, allowances and benefits of the members of the Board of Directors and the relevant committees by SAR 2.1 million due to the auditor's application of the accounting standard for the offer applied in 2022G, which requires the presentation of all relevant figures for the parent company and its subsidiaries. This was not a requirement in 2021G, which is the year of comparison, and therefore the increase appeared and the amounts of remuneration of the members of the committees were determined at SAR 700,000.
2. An increase in the one-time withholding tax expense of SAR 584,000 in the financial year 2022G related to previous years and the Company's benefit from the Zakat, Tax and Customs Authority initiative.

This was partially offset by a decrease in professional and consulting fees of SAR 1.5 million due to non-recurrent consulting projects delivered in FY 2021G.

General and administrative expenses decreased by 2.7% from SAR 33.4 million in FY22 to SAR 32.5 million in FY23G, driven by a decrease in depreciation of property, machinery and equipment of SAR 467,000, and expenses, allowances and benefits of members of the Board of Directors and related committees of SAR 253,000.

General and administrative expenses decreased by 24.2% from SAR 16.1 million in the six-month period ended 30 June 2023G to SAR 12.2 million in the six-month period ended 30 June 2024G, mainly as a result of:

1. The auditor's recording of an unrealized loss of financial assets at fair value through profit or loss of SAR 2.7 million, which was recorded as a separate item in the income statement in prior periods.
2. The decrease in depreciation of property, machinery and equipment by SAR 376 thousand.

Impairment of Goodwill

The goodwill balance is the increase in the cost of investing in the Global Marketing Company for Sleeping System Ltd. (a subsidiary) over the fair value of its net assets on business combination. The goodwill resulting from business combinations is tested annually for impairment. The impairment test is based on a "value in use" calculation. These calculations are based on cash flow projections according to the estimated operating results of the cash-producing units. As of 31 December 2023G, the Group's management has reviewed the recoverable amount of goodwill. The recoverable amount has been calculated on the basis of the use value of the cash-generating unit as determined by the management of the Group, which consists of the net operating assets of the subsidiary. When determining the value of use of the cash-generating unit, the cash flows determined using the financial budgets approved by the management of the subsidiary for a period of five years were deducted at a discount rate of 13% - 14%. The calculation of use value is generally influenced by changes in the following key assumptions:

- Discount rate used in cash flow estimates.
- Sale prices and quantities.

The above study resulted in a decrease in the book value of the month by SAR 30 million in the financial year 2023G. The Group recorded the amount of the decrease on the consolidated statement of comprehensive income. Accordingly, the net goodwill balance as of 31 December 2023G amounted to SAR 32.4 million compared to SAR 62.4 million as of 31 December 2022G.

Impairment of Property, Machinery and Equipment

The Group prepared a decline study as of 31 December 2022G for some of the main production lines in the factories. The Group reached a decline in the value of property, machinery and equipment by SAR 3.1 million. The Group recorded the amount of the decline on the consolidated statement of comprehensive income in the financial year 2022G. The Group also prepared a study of the decline again as of 31 December 2023G, where the Group reached an additional decline in the value of property, machinery and equipment by SAR 16.4 million. The Group recorded the amount of the decline on the consolidated statement of comprehensive income in the financial year 2023G. It is worth mentioning that this decline during the two periods mainly concerns the property, machinery and equipment of SIDC Ceramic Plant.

Impairment of Current Assets

The decline in the value of current assets is mainly related to the decline in the value of inventory, the provision for expected credit losses, other current assets, and assets available for sale.

The decline in the value of other current assets decreased from SAR 8.5 million in FY 2021G to SAR 8.3 million in FY 2022G, driven by a decrease in the value of other current assets of SAR 1.1 million due to a decrease in the provision for expected credit losses, partially offset by an increase in the value of inventory of SAR 977,000 mainly due to the decrease in the value of the inventory of the SIDC Ceramic Plant.

The decline in the value of current assets increased from SAR 8.3 million in financial year 2022G to SAR 9.5 million in financial year 2023G as a result of the increase in the value of inventory by SAR 2.0 million resulting from the decline in obsolete inventory in the SIDC Ceramic Plant "Ceramic", in addition to the decline in the value of assets available for sale by SAR 876 thousand in relation to a machine owned by the Global Marketing Company for Sleeping System Ltd., which was not sold and therefore its value was reduced.

The decline in the value of current assets increased from SAR 2.8 million in the six-month period ended 30 June 2023 to SAR 5.6 million in the six-month period ended 30 June 2024G as a result of the increase in the value of inventory by SAR 3.6 million resulting from the decline of obsolete inventory in the SIDC Ceramic Plant, with partial compensation by reducing the expected credit losses by SAR 874,000.

Gains realized from financial assets at fair value through profit or loss

Profits realized from financial assets at fair value through profits or losses from investments in shares of banks and other joint stock companies traded in the Saudi and Egyptian stock markets for the purpose of trading. The Group holds this portfolio with licensed brokerage firms. Investments in securities are recognized at fair value at closing prices at the end of trading at the date of the financial position. These investments are held mainly to support the Group in financing operations and shares are sold as needed, recording realized profits.

Gains on financial assets at fair value through profit or loss decreased from SAR 440,000 in FY 2021 to SAR 0 in FY 2022 due to the absence of any recorded profits during the period. Earnings from financial assets at fair value through profit or loss increased from zero in FY22 to SAR 2.2 million in FY23 due to realized profits.

Earnings from financial assets at fair value through profit or loss increased from SAR 2.2 million in the six-month period ended 30 June 2023G to SAR 4.8 million in the six-month period ended 30 June 2024G due to realized profits.

Unrealized (losses)/ gains on financial assets at fair value through profit or loss

Unrealized (losses)/ gains on financial assets fluctuated at fair value through profits or losses during the period driven by changes in the trading prices of investments in the portfolio at the end dates of each period, as profits of SAR 613,000 and SAR 990,000 were recorded in financial year 2021G and financial year 2022G, respectively, and losses of SAR 302,000 and SAR 546,000 in financial year 2023G and the six-month period ended June 30, 2024G, respectively.

Dividends from financial assets at fair value

Dividends from financial assets at fair value relate to dividends from financial assets held. Dividends of SAR 1.5 million, SAR 1.3 million, and SAR 1.1 million were recorded in FY 2021, FY 2022, and FY 2023, respectively, and SAR 547,000 and SAR 378,000 during the six-month periods ended 30 June 2023 and 2024, respectively.

Financing Costs

Financing costs relate to interest on credit facilities and lease liabilities.

Financing costs increased by 47.9% from SAR 913,000 in FY 2021 to SAR 1.4 million in FY 2022, driven by interest on credit facilities of SAR 517,000 obtained by the Global Marketing Company for Sleeping System Ltd. at an annual interest rate of 6.25%, partially offset by a decrease in operating lease costs of SAR 80,000.

Financing costs increased by 45.5% from SAR 1.4 million in FY22 to SAR 2.0 million in FY23, driven by interest on credit facilities of SAR 674,000 as a result of the new Murabaha agreement obtained by the Global Marketing Company for Sleeping System Ltd. in Q2FY23 at an annual interest rate of 9.0%.

Financing costs increased by 17.2% from SAR 1.0 million in the six-month period ended 30 June 2023G to SAR 1.2 million in the six-month period ended 30 June 2024G, driven by interest on credit facilities of SAR 215,000 due to the impact of the full period of the new Murabaha agreement obtained by the Global Marketing Company for Sleeping System Ltd. in the second quarter of financial year 2023G. This was partially offset by a decrease in financing costs for operating leases of SAR 40,000.

Other Revenues

Other revenues consist of foreign exchange gains/ losses, scrap sales related to the normal by-products of the Group's activities, income related to the support of the Human Resources Development Fund, bad debts collected, profits from the sale of property, machinery and equipment, and credit interest related to bank interest earned from depositing cash with Egyptian banks.

Other revenues decreased by 49.3% from SAR 6.5 million in FY 2021 to SAR 3.3 million in FY 2022 as a result of foreign currency reserve losses of SAR 3.1 million associated with the depreciation of the Egyptian pound (compared to a profit of SAR 50,000 in FY 2021), and a decrease in scrap sales of SAR 1.9 million, partially offset by an increase in bad debts collected of SAR 1.3 million.

Other revenues increased by 100.0% from SAR 3.3 million in FY 2022 to SAR 6.6 million in FY 2023 as a result of a one-time write-off of the remaining credit facility provision of SAR 3.9 million in respect of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High). After a court case that was in the interest of the Group, and based on the judgment, the Company wrote off the provision of the balance of the remaining credit facilities, and other revenues of SAR 1.1 million related to the support of the Human Resources Development Fund.

Other revenues decreased by 91.4% from SAR 4.2 million in the six-month period ended 30 June 2023G to SAR 365,000 in the six-month period ended 30 June 2024G mainly due to the one-time write-off of the provision of the remaining credit facilities recorded in the six-month period ended 30 June 2023G in respect of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High).

(Accrued Zakat)/ Reversal of Zakat Provision

Zakat and income tax expenses decreased from an expense of SAR 2.1 million in financial year 2021G to a reversal of the zakat provision of SAR 537 thousand in financial year 2022G, driven by zakat amendments for previous years that were applied in financial year 2022G, and this was partially compensated by zakat expenses of SAR 1.5 million of the year. Zakat and income tax expenses amounted to SAR 714,000 in financial year 2023G.

Zakat and income tax expenses decreased by 74.1% from SAR 1.7 million in the six-month period ended 30 June 2023G to SAR 430,000 in the six-month period ended 30 June 2024G due to a decrease in income tax of SAR 768,000 and Zakat of SAR 461,000 during the period.

It is worth mentioning that prior to the six-month period ended 30 June 2024G, Zakat and tax expenses were recorded separately, and as of the six-month period ended 30 June 2024G, Zakat and income tax expenses were consolidated based on the auditor's classification.

Income Tax and Deferred Tax

The income tax and deferred tax consisted of current income tax and deferred tax expense in respect of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High). As of the six-month period ending June 30, 2024G, Zakat and income tax expenses have been consolidated

based on the auditor's classification. Income tax and deferred tax decreased by 10.5% from SAR 1.2 million in FY 2021 to SAR 1.1 million in FY 2022, driven by deferred income tax of SAR 329,000, which was partially offset by an increase in current income tax of SAR 199,000.

Income tax and deferred tax increased by 24.4% from SAR 1.1 million in FY22 to SAR 1.4 million in FY23, driven by an increase in deferred income tax of SAR 260,000. The income tax and deferred tax decreased to zero in the six-month period ended June 30, 2024 due to the losses recorded in the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) during the period.

Net Loss

Net loss increased by 60.8% from SAR 23.7 million in FY 2021 to SAR 38.1 million in FY 2022, mainly due to a decrease in revenues of SAR 7.7 million during the period, in addition to an increase in sales and distribution expenses of SAR 4.7 million, an increase in the value of property, machinery and equipment of SAR 3.1 million, general and administrative expenses of SAR 1.6 million, and a decrease in other sales of SAR 3.2 million. This was partially offset by the reverse of Zakat and income tax in the amount of SAR 537 thousand in the financial year 2022G.

The net loss increased by 91.1% from SAR 38.1 million in FY22 to SAR 72.9 million in FY23, mainly as a result of a decline in the goodwill value of SAR 30.0 million recorded in FY23 in relation to the goodwill of the Global Marketing Company for Sleeping System Ltd. as well as a decline in the value of property, machinery, equipment and inventory of the SIDC Ceramic Plant.

Net loss decreased by 17.2% from SAR 9.4 million in the six-month period ended 30 June 2023G to SAR 7.8 million in the six-month period ended 30 June 2024GG, due to a decrease in the value of the decline and an increase in profitability recorded during the period.

5.6.1.1 Sales

5.6.1.1.1 Sales by Operating Segment

Table 14: Sales by operating sector for the financial years ended 31 December 2021G, 2022G and 2023G and the six-month periods ended 30 June 2023G and 2024G

SAR in 000s	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Financial year 2023G (Audited)	Annual change 2021G - 2022G	Annual change 2022G - 2023G	Compound Annual Growth Rate 2021G – 2023G	The six-month period ending on 30-Jun-2023G (Unaudited)	The six-month period ending on 30 June 2024G (Unaudited)	Change for the six-month period 2023G - 2024G
Mattresses & Foam	142,577	134,152	129,619	(5.9%)	(3.4%)	(4.7%)	73,622	62,563	(15.0%)
Sanitary Ware	13,352	12,736	11,875	(4.6%)	(6.8%)	(5.7%)	7,105	3,778	(46.8%)
Transport	7,149	8,460	9,451	18.3%	11.7%	15.0%	4,624	5,646	22.1%
Total	163,079	155,347	150,945	(4.7%)	(2.8%)	(3.8%)	85,351	71,987	(15.7%)
As a percentage of sales									
Mattresses & Foam	87.4%	86.4%	85.9%	(1.1)	(0.5)	(1.6)	86.3%	86.9%	0.7
Sanitary Ware	8.2%	8.2%	7.9%	0.0	(0.3)	(0.3)	8.3%	5.2%	(3.1)
Transport	4.4%	5.4%	6.3%	1.1	0.8	1.9	5.4%	7.8%	2.4
Total	100.0%	100.0%	100.0%	0.0	0.0	0.0	100.0%	100.0%	0.0

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and unaudited summary financial statements for the six-month period ended 30 June 2014G and management information.

Mattresses & Foam

The sales of mattresses and foam are mainly related to the sales generated by the Global Marketing Company for Sleeping System Ltd. and the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High).

Sales of mattresses and foam decreased by 5.9% from SAR 142.6 million in financial year 2021G to SAR 134.2 million in financial year 2022G as a result of a decrease in sponge sales by SAR 19.1 million due to a decrease in the quantities sold in the Global Marketing Company for Sleeping System Ltd. by 31% from 115 thousand units in financial year 2021G to 80 thousand units in financial year 2022G and a decrease in sponge sales in the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) by SAR 4.7 million as a result of a decrease in the quantities sold in the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) by 374 thousand kilograms from 1.1 million kilograms in financial year 2021G to 710 thousand kilograms in financial year 2022G in line with the decline in the purchasing power of consumers against the background of the decline in the value of the currency. This was partially offset by an increase in sales of spring mattresses worth SAR 1.1 million in the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) as a result of an increase in the quantities sold by 8.5 thousand units due to the increase in discounts granted to customers.

Sales of mattresses and foam decreased by 3.4% from SAR 134.2 million in financial year 2022G to SAR 129.6 million in financial year 2023G due to a decrease in the quantities sold in the Arab Republic of Egypt from 710 thousand kilograms in financial year 2022G to 249 thousand kilograms in financial year 2023G and from 51 thousand cubic meters in financial year 2022G to 20 thousand cubic meters in financial year 2023G after the further decline of the Egyptian pound. The management adjusted product prices in January 2023 to account for fluctuations in the exchange rate of the Egyptian pound and to reflect the U.S. dollar rate in the parallel market. As a result, the average selling price per unit increased by 73.0%, despite an increase in discounts as a percentage of sales from 10.8% to 21.0% during the period.

Sales of mattresses and foam decreased by 15.0% from SAR 73.6 million in the six-month period ended 30 June 2023G to SAR 62.6 million in the six-month period ended 30 June 2024G as a result of the decline in sales of the Global Marketing Company for Sleeping System Ltd. by SAR 8.9 million due to the decrease in sales resulting from projects by SAR 8.6 million against the background of the postponement of some projects by contractors to the fourth quarter of 2024G or the first quarter of 2025G, in addition to consumers' preference for low-priced products, in addition to the increase in discounts in the Global Marketing Company for Sleeping System Ltd. as a percentage of sales from 20.9% in the six-month period ended 30 June 2023G to 26.1% in the six-month period ended 30 June 2024G.

Sanitary Ware

Sanitary ware sales relate to sales of SIDC Ceramic Plant and include sales of ceramics (sanitary kits) and sales of acrylics.

Sanitary ware sales decreased by 4.6% from SAR 13.4 million in FY 2021 to SAR 12.7 million in FY 2022 as a result of the decline in acrylic sales of SAR 567,000 and ceramic sales (sanitary kits) of SAR 50,000, due to the decrease in quantities sold as a result of the change in consumer desire from two-piece sanitary ware (which the Company was manufacturing), to one-piece sanitary ware, in addition to the continued flooding of the local market with Chinese and Indian products with low prices compared to the prices of the Company's products. Thus, the products were sold at below cost prices to maintain market share and presence in the market.

Sanitary ware sales decreased by 6.8% from SAR 12.7 million in FY22 to SAR 11.9 million in FY23 as a result of a SAR 1.0 million decline in ceramic sales (sanitary kits). Deductions as a percentage of sales amounted to 53.3% in FY23.

Sanitary ware sales decreased by 46.8% from SAR 7.1 million in the six-month period ended 30 June 2023G to SAR 3.8 million in the six-month period ended 30 June 2024G as a result of a decrease in ceramic sales (sanitary kits) of SAR 3.2 million.

Transport

The sales of transportation services relate to revenues related to transportation services provided by Emmdad Logistic Services that were provided to customers outside the Company.

Sales of transportation services increased by 18.3% from SAR 7.1 million in FY 2021 to SAR 8.5 million in FY 2022 and then by 11.7% to SAR 9.5 million in FY 2023 as a result of the increase in transportation and home delivery services, in line with the increase in the number of trips.

Sales of transportation services increased by 22.1% from SAR 4.6 million in the six-month period ended 30 June 2023G to SAR 5.6 million in the six-month period ended 30 June 2024G as a result of the increase in transportation and home delivery services, in line with the increase in the number of trips.

5.6.1.1.2 Sales by the Company

Table 15: Sales by the Company for the financial years ended 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G

SAR in 000s	Financial year 2021G (Management Information)	Financial year 2022G (Management Information)	Financial year 2023G (Management Information)	Annual change 2021G - 2022G	Annual change 2022G - 2023G	Compound Annual Growth Rate 2021G – 2023G	The six-month period ending on 30-Jun-2023G (Management Information)	The six-month period ending on 30 June 2024G (Management Information)	Change for the six-month period 2023G - 2024G
The Global Marketing Company for Sleeping System Ltd.	108,313	102,577	109,261	(5.3%)	6.5%	0.4%	62,133	53,254	(14.3%)
The Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	34,264	31,574	20,359	(7.9%)	(35.5%)	(22.9%)	11,489	9,309	(19.0%)
SIDC Ceramic Plant	13,352	12,736	11,875	(4.6%)	(6.8%)	(5.7%)	7,105	3,778	(46.8%)
Emmdad Logistic Services	7,149	8,460	9,451	18.3%	11.7%	15.0%	4,624	5,646	22.1%
Total	163,079	155,347	150,945	(4.7%)	(2.8%)	(3.8%)	85,351	71,387	(15.7%)
As a percentage of sales									
The Global Marketing Company for Sleeping System Ltd.	66.4%	66.0%	72.4%	(0.4)	6.4	6.0	72.8%	74.0%	1.2
The Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	21.0%	20.3%	13.5%	(0.7)	(6.8)	(7.5)	13.5%	12.9%	(0.5)
SIDC Ceramic Plant	4.4%	5.4%	6.3%	1.0	0.8	1.9	5.4%	7.8%	2.4
Emmdad Logistic Services	8.2%	8.2%	7.9%	0.0	(0.3)	(0.3)	8.3%	5.2%	(3.1)
Total	100.0%	100.0%	100.0%	0.0	0.0	0.0	100.0%	100.0%	0.0

Source: Management Information

The Global Marketing Company for Sleeping System Ltd.

The sales of the Global Marketing Company for Sleeping System Ltd. are primarily related to the sales of spring mattresses, foam of various densities, foam mattresses, beds, commercial agencies related to accessories, pillows and protective covers, and compressed foam.

The sales of the Global Marketing Company for Sleeping System Ltd. decreased by 5.3% from SAR 108.3 million in financial year 2021 to SAR 102.6 million in financial year 2022G, due to the decrease in the average selling price per unit by 16.7% from SAR 200 to SAR 167 as a result of the change in the sales mix, in line with customers' preference for low-priced products, in addition to the increase in discounts as a percentage of sales increased from 19.2% to 19.9% during the period.

Sales of the Global Marketing Company for Sleeping System Ltd. increased by 6.5% from SAR 102.6 million in FY22 to SAR 109.3 million in FY23, due to the change in the sales mix as the management exerted its efforts in increasing the sales of higher-priced products, in addition to the increase in the quantities sold by 1.6%. This was partially offset by an increase in discounts as a percentage of sales from 19.9% in FY22 to 23.0% in FY23.

Sales of the Global Marketing Company for Sleeping System Ltd. decreased by 14.3% from SAR 62.1 million in the six-month period ended 30 June 2023 to SAR 53.3 million in the six-month period ended 30 June 2023, as a result of the decrease in sales resulting from projects of SAR 8.6 million against the background of the decrease in demand for products during the period, as well as the preference for low-priced products, in addition to the increase in discounts as a percentage of sales from 20.9% in the six-month period ended 30 June 2023G to 26.1% in the six-month period ended 30 June 2024G.

The Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)

Sales of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) mainly relate to sales of sponge products sold in cubic meters (finished sponge products), sales of sponge products sold in kilograms (unfinished sponge products), and spring mattresses, as well as foam mattresses, furniture and beds. It shall be noted that the sales of the subsidiary in the Arab Republic of Egypt in the Egyptian pound (which is the currency of the financial statements of the subsidiary) are rising during the periods of this report. For the purposes of preparing this report (in Saudi riyals), the financial statements translated into Saudi riyals of the subsidiary have been based on translation differences associated with the decline in the exchange rate of the Egyptian pound during the periods of this report, which resulted in a decrease in sales translated into Saudi riyals

Sales of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) decreased by 7.9% from SAR 34.3 million in financial year 2021G to SAR 31.6 million in financial year 2022G, despite the increase in sales in Egyptian pounds during the period from EGP 143.4 million to EGP 165.8 million, but the reason for the decrease in sales of the basic Saudi riyals is due to the successive decline in the exchange rate of the Egyptian pound so that there is a large disparity between the exchange rate in the parallel market and the exchange rate in banks, which resulted in translation differences that led to this decrease, in addition to the result of the decrease in sales of sponges in kilograms worth SAR 4.7 million, due to the decrease in the quantities sold by 34.5% in line with the decrease in the purchasing power of consumers as a result of the decline in the exchange rate of the Egyptian pound during the period. This was partially offset by an increase in (1) sales of spring mattresses with a value of SAR 1.1 million as a result of an increase in the quantities sold by 35.1% as a result of the discounts granted to spring mattresses, where discounts increased from 26.2% of sales to 30.6% during the period, and (2) sales of sponges in cubic meters units with a value of SAR 773,000 due to the decrease in discounts granted, as a percentage of sales decreased from 17.5% to 11.5% during the period and resulted in an increase in the average selling price per cubic meter by 6.0% from SAR 348 to SAR 369.

Sales of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) decreased by 35.5% from SAR 31.6 million in financial year 2022G to SAR 20.4 million in financial year 2023G, despite the increase in sales in Egyptian pounds during the period from EGP 165.8 million to EGP 167.1 million, but the reason for the decrease in sales of the basic Saudi riyals is due to the successive decline in the exchange rate of the Egyptian pound so that there is a large disparity between the exchange rate in the parallel market and the exchange rate in banks, which resulted in translation differences that led to this decrease. Moreover, as a result of the decrease in the quantities sold after the further decline in the Egyptian pound, the management adjusted the prices of the products in January 2023G to take into account the fluctuation in the exchange rate of the Egyptian pound and reflected the dollar price in the parallel market despite the increase in discounts granted as a percentage of sales from 10.8% to 21.0%.

Sales of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) decreased by 19.0% from SAR 11.5 million in the six-month period ended June 30, 2023G to SAR 9.3 million in the six-month period ended June 30, 2024G, despite the increase in sales in Egyptian pounds during the period from EGP 94.1 million to EGP 104.3 million, but the reason for the decrease in sales of the basic Saudi riyals is due to the successive decline in the exchange rate of the Egyptian pound, so that there is a large disparity between the exchange rate in the parallel market and the exchange rate in banks, which resulted in translation differences that led to this decrease. Moreover, as a result of the decrease in sales of sponges sold per cubic meter of SAR 2.2 million, due to the increase in discounts as a percentage of sales from 11.2% to 35.5% during the period. This was partially offset by a 63.9% increase in sales volume, resulting in a 58.0% decrease in the average selling price per cubic meter, from SAR 658 to SAR 276.

SIDC Ceramic Plant

Sales of SIDC Ceramic Plant are related to sales of ceramics (sanitary kits) and sales of acrylic.

Sales of the SIDC Ceramic Plant decreased by 4.6% from SAR 13.4 million in financial year 2021G to SAR 12.7 million in financial year 2022G as a result of the decrease in acrylic sales by SAR 567,000 and ceramic sales (sanitary kits) by SAR 50,000, due to the decrease in quantities sold as a result of the change in consumer desire from two-piece sanitary ware (manufactured by the Company) to one-piece sanitary ware, in addition to the continued flooding of the local market with Chinese and Indian products with low prices compared to the prices of the Company's products. Thus, the products were sold at below cost prices to maintain market share and presence in the market.

Sales of the SIDC Ceramic Plant decreased by 6.8% from SAR 12.7 million in FY 2022 to SAR 11.9 million in FY 2023 as a result of the decrease in sales of ceramics (sanitary kits) by SAR 1.0 million in addition to the continued flooding of the local market with Chinese and Indian products with low prices compared to the prices of the Company's products. Deductions as a percentage of sales amounted to 53.3% in FY23.

Sales of the SIDC Ceramic Plant decreased by 46.8% from SAR 7.1 million in the six-month period ended 30 June 2023G to SAR 3.8 million in the six-month period ended 30 June 2024G as a result of the decrease in sales of ceramics (sanitary kits) by SAR 3.2 million in addition to the continued flooding of the local market with Chinese and Indian products with low prices compared to the prices of the Company's products.

Emmdad Logistic Services

Sales of Emmdad Logistic Services relate to transportation services that have been provided to customers outside the Company.

Sales of Emmdad Logistic Services increased by 18.3% from SAR 7.1 million in FY 2021G to SAR 8.5 million in FY 2022 and then by 11.7% to SAR 9.5 million in FY 2023G as a result of the increase in transportation and home delivery services, in line with the increase in the number of trips.

Sales of Emmdad Logistic Services increased by 22.1% from SAR 4.6 million in the six-month period ended 30 June 2023G to SAR 5.6 million in the six-month period ended 30 June 2024G as a result of the increase in transportation and home delivery services, in line with the increase in the number of trips.

5.6.1.1.3 Sales by Geographic Segment

Table 16: Revenues by geographical sector for the financial years ended 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G

SAR in 000s	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Financial year 2023G (Audited)	Annual change 2021G - 2022G	Annual change 2022G - 2023G	Compound Annual Growth Rate 2021G – 2023G	The six-month period ending on 30-Jun-2023G (Unaudited)	The six-month period ending on 30 June 2024G (Unaudited)	Change for the six-month period 2023G - 2024G
Kingdom of Saudi Arabia	128,814	123,773	130,587	(3.9%)	5.5%	0.7%	73,862	62,678	(15.1%)
Arab Republic of Egypt	34,264	31,574	20,359	(7.9%)	(35.5%)	(22.9%)	11,489	9,309	(19.0%)
Total	163,079	155,347	150,945	(4.7%)	(2.8%)	(3.8%)	85,351	71,987	(15.7%)
As a percentage of sales									
Kingdom of Saudi Arabia	79.0%	79.7%	86.5%	0.7	6.8	0.0	86.5%	87.1%	53.0%
Arab Republic of Egypt	21.0%	20.3%	13.5%	(0.7)	(6.8)	(0.2)	13.5%	12.9%	(53.0%)
Total	100.0%	100.0%	100.0%	0.0	0.0	0.0	100.0%	100.0%	0.0

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G, 2023G and unaudited summary financial statements for the six-month period ended 30 June 2014G and management information.

Kingdom of Saudi Arabia

The sales of the Kingdom of Saudi Arabia relate to the sales of the Global Marketing Company for Sleeping System Ltd., SIDC Ceramic Plant and Emmdad Logistic Services.

Sales of the Kingdom of Saudi Arabia decreased by 3.9% from SAR 128.8 million in financial year 2021g to SAR 123.8 million in financial year 2022g, due to the decrease in sales of (1) the Global Marketing Company for Sleeping System Ltd. by SAR 5.7 million due to the decrease in the average selling price per unit by 16.7% from SAR 200 to SAR 167 as a result of the change in the sales mix, in line with customers' preference for low-priced products, in addition to the increase in discounts as they increased as a percentage of sales from 19.2% to 19.9% during the period, (2) SIDC Ceramic Plant with a value of SAR 616,000 as a result of the decrease in acrylic sales with a value of SAR 567,000 and ceramic sales (sanitary kits) with a value of SAR 50,000, due to the decrease in the quantities sold as a result of the change in consumer desire. The customer now prefers one-piece sanitary ware over two-piece sanitary ware, in addition to the continued flooding of the local market with Chinese and Indian products with low prices compared to the company's prices. Thus, the products were sold at prices below the cost to maintain market share and presence in the market. This was partially offset by an increase in sales of Emmdad Logistic Services worth SAR 1.3 million as a result of the increase in transportation and home delivery services, in line with the increase in the number of trips.

The sales of the Kingdom of Saudi Arabia increased by 5.5% from SAR 123.8 million in financial year 2022G to SAR 130.6 million in financial year 2023G, as a result of the increase in the sales of (1) the Global Marketing Company for Sleeping System Ltd. at a value of SAR 6.7 million due to the change in the sales mix, as the management exerted its efforts in increasing the sales of products with higher prices, in addition to the increase in the quantities sold by 1.6%. This was partially offset by an increase in discounts as a percentage of sales from 19.9% to 23.0% during the period, and (2) Emmdad Logistic Services with a value of SAR 991 thousand as a result of the increase in transportation and home delivery services, in line with the increase in the number of trips. This was partially offset by a decrease in sales of SIDC Ceramic Plant worth SAR 861,000 as a result of a decrease in sales of ceramics (sanitary kits) worth SAR 1.0 million.

Sales of the Kingdom of Saudi Arabia decreased by 15.1% from SAR 73.9 million in the six-month period ended 30 June 2023G to SAR 62.7 million in the six-month period ended 30 June 2024, as a result of the decrease in sales of (1) the Global Marketing Company for Sleeping System Ltd. worth SAR 8.9 million as a result of the decrease in sales resulting from projects worth SAR 8.6 million due to the postponement of some projects by contractors to the first quarter of 2025, as well as the preference for low-priced products, in addition to the increase in discounts as a percentage of sales from 20.9% in the six-month period ended 30 June 2023G to 26.1% in the six-month period ended 30 June 2024G, and (2) the SIDC Ceramic Plant worth SAR 3.3 million as a result of the decrease in sales of ceramics (sanitary kits) worth SAR 3.2 million. This was partially offset by an increase in sales of Emmdad Logistic Services worth SAR 1.0 million as a result of the increase in transportation and home delivery services, in line with the increase in the number of trips.

Arab Republic of Egypt

The sales of the Arab Republic of Egypt are entirely related to the sales of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) during the period. It shall be noted that the sales of the subsidiary in the Arab Republic of Egypt in the Egyptian pound (which is the currency of the financial statements of the subsidiary) are rising during the periods of this report, and for the purposes of preparing this report (in Saudi riyals), the financial statements translated into Saudi riyals of the subsidiary have been based on translation differences associated with the decline in the exchange rate of the Egyptian pound during the periods of this report, which resulted in a decrease in sales translated into Saudi riyals.

Sales in the Arab Republic of Egypt declined by 7.9%, from SAR 34.3 million in the financial year 2021G to SAR 31.6 million in the financial year 2022G, despite an increase in sales in Egyptian pounds during the period from EGP 143.4 million to EGP 165.8 million. The main reason for the decline in sales in Saudi riyals is the successive depreciation of the Egyptian pound, which created a significant discrepancy between the exchange rate in the parallel market and the official bank rate. This discrepancy resulted in translation differences that led to the reported decline., in addition to the result of the decrease in sales of sponges in kilograms worth SAR 4.7 million, due to the decrease in the quantities sold by 34.5% in line with the decrease in the purchasing power of consumers as a result of the decrease in the exchange rate of the Egyptian pound during the period. This was partially offset by an increase in (1) sales of spring mattresses with a value of SAR 1.1 million as a result of an increase in the quantities sold by 35.1% as a result of the discounts granted to spring mattresses, where discounts increased from 26.2% of sales to 30.6% during the period, and(2) sales of sponges in cubic meters units with a value of SAR 773,000 due to the decrease in discounts granted, as a percentage of sales decreased from 17.5% to 11.5% during the period and resulted in an increase in the average selling price per cubic meter by 6.0% from SAR 348 to SAR 369.

Sales of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) decreased by 35.5% from SAR 31.6 million in financial year 2022G to SAR 20.4 million in financial year 2023G, despite the increase in sales in Egyptian pounds during the period from EGP 165.8 million to EGP167.1 million , but the reason for the decrease in sales in Saudi riyals is due to the successive decline in the exchange rate of the Egyptian pound so that there is a large disparity between the exchange rate in the parallel market and the exchange rate in banks, which resulted in differences in translation that led to this decrease, in addition to that as a result of the decrease in quantities sold after the additional decline in the Egyptian pound, as the administration adjusted the prices of products in January 2023G to take into account the fluctuation in the exchange rate of the Egyptian pound and the opposite price of the dollar in the parallel market. This led to an increase in the average selling price by 70% from SAR 40 to SAR 68 during the period, despite the increase in discounts granted as a percentage of sales from 10.8% to 21.0%.

Sales of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) decreased by 19.0% from SAR 11.5 million in the six-month period ended June 30, 2023G to SAR 9.3 million in the six-month period ended June 30, 2024G, despite the increase in sales in Egyptian pounds during the period from EGP 94.1 million to EGP104.3 million, but the reason for the decrease in sales in basic Saudi riyals is due to the successive decline in the exchange rate of the Egyptian pound, so that there is a large disparity between the exchange rate in the parallel market and the exchange rate in banks, which resulted in translation differences that led to this decrease. Moreover, as a result of the decrease in sales of sponges sold per cubic meter of SAR 2.2 million, due to the increase in discounts as a percentage of sales from 11.2% to 35.5% during the period, partially offset by an increase in the quantities sold by 63.9%, resulting in a decrease in the average selling price per cubic meter by 58.0% from SAR 658 to SAR 276.

5.6.1.2 Cost of Sales

Table 17: Cost of sales for the financial years ended 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G

SAR in 000s	Finan- cial year 2021G (Audit- ed)	Finan- cial year 2022G (Audit- ed)	Finan- cial year 2023G (Audit- ed)	Annual change 2021G - 2022G	Annual change 2022 - 2023	Compound Annual Growth Rate 2021G – 2023G	The six-month period ending on 30-Jun-2023G (Management Information)	The six-month period ending on 30 June 2024G (Management Information)	Change for the six-month period 2023G - 2024G
Consumables & Spare Parts	95,467	88,579	71,687	(7.2%)	(19.1%)	(13.3%)	42,431	31,376	(26.1%)
Salaries, wages and the like	20,677	22,964	24,921	11.1%	8.5%	9.8%	12,492	12,006	(3.9%)
Depreciation of property, machinery and equipment	8,359	8,784	9,768	5.1%	11.2%	8.1%	3,714	2,852	(23.2%)
Fuel and transportation	3,624	4,174	4,670	15.2%	11.9%	13.5%	2,524	3,130	24.0%
Repair and Maintenance	2,406	2,843	3,548	18.2%	24.8%	21.4%	1,018	1,046	2.7%
Communications and utilities	2,322	2,461	3,060	5.9%	24.4%	14.8%	2,475	2,635	6.5%
Depreciation of right-of-use assets	760	1,170	1,311	53.9%	12.0%	31.3%	497	625	25.8%
Other	2,654	2,308	3,199	(13.0%)	38.6%	9.8%	2,402	2,314	(3.7%)

SAR in 000s	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Financial year 2023G (Audited)	Annual change 2021G - 2022G	Annual change 2022 - 2023	Compound Annual Growth Rate 2021G - 2023G	The six-month period ending on 30-Jun-2023G (Management Information)	The six-month period ending on 30 June 2024G (Management Information)	Change for the six-month period 2023G - 2024G
Total	136,270	133,283	122,165	(2.2%)	(8.3%)	(5.3%)	67,553	55,985	(17.1%)
As a percentage of sales									
Consumables & Spare Parts	58.5%	57.0%	47.5%	(1.5)	(9.5)	(11.0)	49.7%	43.6%	(6.1)
Salaries, wages and the like	12.7%	14.8%	16.5%	2.1	1.7	3.8	14.6%	16.7%	2.0
Depreciation of property, machinery and equipment	5.1%	5.7%	6.5%	0.5	0.8	1.3	4.4%	4.0%	(0.4)
Fuel and transportation	2.2%	2.7%	3.1%	0.4	0.4	0.9	3.0%	4.3%	1.4
Repair and Maintenance	1.5%	1.8%	2.4%	0.5	0.5	0.9	1.2%	1.5%	0.3
Communications and utilities	1.4%	1.6%	2.0%	0.2	0.4	0.6	2.9%	3.7%	0.8
Depreciation of right-of-use assets	0.5%	0.8%	0.9%	0.3	0.1	0.4	0.6%	0.9%	0.3
Other	1.6%	1.5%	2.1%	(0.1)	0.6	0.5	2.8%	3.2%	0.4
Total	83.6%	85.8%	80.9%	2.2	(4.9)	(2.6)	79.1%	77.8%	(1.4)

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G, 2023G and management information.

Consumables & Spare Parts

Consumables and spare parts are mainly related to the cost of manufacturing materials. The cost of consumables and spare parts decreased by 7.2% from SAR 95.5 million in FY 2021 to SAR 88.6 million in FY 2022, in line with the decline in sales during the period.

The cost of consumables and spare parts decreased by 19.1% from SAR 88.6 million in FY22 to SAR 71.7 million in FY23 mainly as a result of the decrease in the cost of the three main raw materials used by the Group in the production of goods, in line with the decrease in sales during the period.

The cost of consumables and spare parts decreased by 26.1% from SAR 42.4 million in the six-month period ended 30 June 2023 to SAR 31.4 million in the six-month period ended 30 June 2024 in line with the decline in sales during the period.

Salaries, Wages, and Equivalent Items

Salaries, wages and the like increased by 11.1% from SAR 20.7 million in FY 2021 to SAR 23.0 million in FY 2022 due to salary increases for employees.

Salaries, wages and the like increased by 8.5% from SAR 23.0 million in FY22 to SAR 24.9 million in FY23 due to the increase in the number of employees as a result of hiring part-time workers in FY23.

Salaries, wages and the like decreased by 3.9% from SAR 12.5 million in the six-month period ended 30 June 2023G to SAR 12.0 million in the six-month period ended 30 June 2024G due to a decrease in the number of workers from 624 to 548 during the period.

Depreciation of Property, Machinery and Equipment

Depreciation of property, machinery and equipment relates mainly to the depreciation cost of plant and equipment. The depreciation cost of property, machinery and equipment increased by 5.1% from SAR 8.4 million in FY 2021 to SAR 8.8 million in FY 2022 mainly as a result of additions to cars and trucks.

The depreciation cost of property, machinery and equipment increased by 11.2% from SAR 8.8 million in FY22 to SAR 9.8 million in FY23 mainly as a result of additions to property and equipment.

The depreciation cost of property, machinery and equipment decreased by 23.8% from SAR 3.7 million in the six-month period ended 30 June 2023 to SAR 2.9 million in the six-month period ended 30 June 2024 in line with the decrease in the balance of property and equipment during the period.

Fuel and Transportation

The cost of fuel and transportation is mainly related to the cost of transporting raw materials and finished goods. The cost of fuel and transportation increased by 15.2% from SAR 3.6 million in FY 2021 to SAR 4.2 million in FY 2022 due to the increase in fuel prices during the period.

The cost of fuel and transportation increased by 11.9% from SAR 4.2 million in FY22 to SAR 4.7 million in FY23 due to the increase in sales volume and due to the increase in fuel prices during the period.

The cost of fuel and transportation increased by 24.0% from SAR 2.5 million in the six-month period ended 30 June 2023 to SAR 3.1 million in the six-month period ended 30 June 2024 due to and due to the increase in fuel prices during the period of the comparative period 2023.

Repair and Maintenance

The cost of repair and maintenance relates to the maintenance costs of the Group's plants and other property. The cost of repair and maintenance increased by 18.2% from SAR 2.4 million in FY 2021 to SAR 2.8 million in FY 2022 due to additions to cars, trucks and machinery during the period.

The cost of repair and maintenance increased by 24.8% from SAR 2.8 million in FY22 to SAR 3.5 million in FY23 due to preventive maintenance of assets to maintain their efficient performance during 2023 and beyond.

The cost of repair and maintenance was relatively stable at SAR 1.0 million in the six-month periods ended 30 June 2023 and 30 June 2024.

Communications and Utilities

The cost of telecommunications and utilities was relatively stable at SAR 2.4 million in financial year 2021G and financial year 2022G, and increased to SAR 3.1 million in financial year 2023G as a result of the increase in the cost of gas during the year 2023G, which led to an increase in expenditure during the second half of 2023G.

The cost of telecommunications and utilities increased by 6.5% from SAR 2.5 million in the six-month period ended 30 June 2023G to SAR 2.6 million in the six-month period ended 30 June 2024G as a result of the increase in the cost of gas during the year 2024G, which led to an increase in expenditure during the comparative period 2023G.

Depreciation of Right-of-use Assets

The cost of depreciation of right-of-use assets increased by 53.9% from SAR 760,000 in FY 2021 to SAR 1.2 million in FY 2022 in line with the increase in the balance of right-of-use assets.

The depreciation cost of right-of-use assets increased by 12.0% from SAR 1.2 million in FY22 to SAR 1.3 million in FY23 as a result of recalculating the depreciation cost during the period.

The cost of depreciation of right-of-use assets increased by 25.8% from SAR 497,000 in the six-month period ended 30 June 2023 to SAR 625,000 in the six-month period ended 30 June 2024 as a result of additions to right-of-use assets of SAR 3.0 million.

Other

The cost of other sales is mainly related to the cost of rent, the cost of spare parts, and other costs. The cost of other sales decreased by 13.0% from SAR 2.7 million in FY 2021 to SAR 2.3 million in FY 2022 as a result of a decrease in the cost of renting vehicles and means of transport of SAR 204,000 and the cost of cleaning of SAR 89,000. This was partially offset by an increase in the cost of water, cleaning and sanitation with a value of SAR 207 thousands and fines with a value of SAR 99 thousand.

The cost of other sales increased by 38.6% from SAR 2.3 million in financial year 2022G to SAR 3.2 million in financial year 2023G as a result of the increase in the cost of renting vehicles and means of transport with a value of SAR 637 thousand, an increase in the cost of spare parts with a value of SAR 396 thousand. This was partially offset by a decrease in the cost of water, cleaning and sanitation of SAR 220,000, and a decrease in the cost of rent of SAR 197,000 during the period.

The cost of other sales decreased by 3.7% from SAR 2.4 million in the six-month period ended June 30, 2023G to SAR 2.3 million in the six-month period ended June 30, 2024G due to the decrease in the cost of insurance by SAR 202 thousand. This was partially offset by an increase in the cost of renting vehicles and means of transport of SAR 204,000.

5.6.1.3 Selling and Distribution Expenses

Table 18: Selling and distribution expenses for the financial years ended 31 December 2021G, 2022G and 2023G and the six-month periods ended 30 June 2023G and 2024G

SAR in 000s	Financial Year 2021G (Audited)	Financial Year 2022G (Audited)	Financial Year 2023G (Audited)	Annual change 2021G - 2022G	Annual change 2022G - 2023G	Compound annual growth rate 2021G - 2023G	Six-month period ending on 30 June 2023G (Management Information)	Six-month period ending on 30 June 2024G (Management Information)	Change for the six-month period 2023G - 2024G
Salaries, wages and the like	8,142	9,366	9,350	15.0%	(0.2%)	7.2%	4,636	4,496	(3.0%)
Advertising	1,374	1,912	3,146	39.2%	64.5%	51.3%	3,034	2,048	(32.5%)
Depreciation of right-of-use assets	2,995	3,878	2,221	29.5%	(43.7%)	(13.9%)	-	649	N/A
Depreciation of property, machinery and equipment	638	577	1,226	(9.5%)	112.6%	38.7%	368	440	19.6%
Fees, subscriptions and licenses	225	364	543	61.5%	49.3%	55.3%	246	268	8.9%
Maintenance	116	288	258	14.4%	(59.0%)	(31.5%)	155	60	(61.6%)
Communications and utilities	443	507	208	149.0%	(10.4%)	49.4%	125	71	(43.4%)
Other	1,164	2,259	2,018	94.0%	(10.7%)	31.6%	972	1,380	42.0%
Total	15,096	19,150	18,971	26.9%	(0.9%)	12.1%	9,536	9,410	(1.3%)
As a percentage of sales									
Salaries, wages and the like	5.0%	6.0%	6.2%	1.0	0.2	1.2	5.4%	6.2%	0.8
Advertising	0.8%	1.2%	2.1%	0.4	0.9	1.2	3.6%	2.8%	(0.7)
Depreciation of right-of-use assets	1.8%	2.5%	1.5%	0.7	(1.0)	(0.4)	0.0%	0.9%	0.9
Depreciation of property, machinery and equipment	0.4%	0.4%	0.8%	(0.0)	0.4	0.4	0.4%	0.6%	0.2
Fees, subscriptions and licenses	0.1%	0.2%	0.4%	0.1	0.1	0.2	0.3%	0.4%	0.1
Maintenance	0.1%	0.2%	0.2%	0.1	(0.0)	0.1	0.2%	0.1%	(0.1)
Communications and utilities	0.3%	0.3%	0.1%	0.1	(0.2)	(1.0)	0.1%	0.1%	(0.0)
Other	0.7%	1.5%	1.3%	0.7	(0.1)	0.6	1.1%	1.9%	0.8
Total	9.3%	12.3%	12.6%	3.1	0.2	3.3	11.2%	13.1%	1.9

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information

Salaries, wages and the like

Salaries and wages consist mainly of salaries, housing allowance, and others. Salaries, wages and the like increased by 15.0% from 8.1 million Saudi riyals in financial year 2021G to 9.4 million Saudi riyals in financial year 2022G and 2023G as a result of the increase in the number of employees from 97 to 103 workers, in addition to the increase in the average monthly salaries of employees from SAR 7 thousands to SAR 7.6 thousands during the period due to the provision of relatively high salaries for new employees and in line with raising the minimum salaries in the Kingdom of Saudi Arabia.

Salaries, wages and the like decreased by 3.0% from SAR 4.6 million in the six-month period ended 30 June 2023G to SAR 4.5 million in the six-month period ended 30 June 2024G due to a slight decrease in the number of employees.

Advertising

Advertising expenses increased by 39.2% from SAR 1.4 million in financial year 2021G to SAR 1.9 million in financial year 2022G as a result of increased social media marketing campaigns.

Advertising expenses increased by 64.5% from SAR 1.9 million in financial year 2022G to SAR 3.1 million in financial year 2023G due to participation in INDEX Exhibition Dubai and the launch of the new brand identity (SH).

Advertising expenses decreased by 32.5% from SAR 3.0 million in the six-month period ended 30 June 2023G to SAR 2.0 million in the six-month period ended 30 June 2024G for several reasons, including obtaining support from Export Development regarding participation in marketing exhibitions, in addition to rationalizing marketing campaign expenses.

Depreciation of right-of-use assets

Depreciation expenses for right-of-use assets increased by 29.5% from SAR 3.0 million in financial year 2021G to SAR 3.9 million in financial year 2022G as a result of additions to right-of-use assets.

Depreciation expenses for right-of-use assets decreased by 43.7% from SAR 3.9 million in financial year 2022G to SAR 2.2 million in financial year 2023G as a result of recalculating the cost of depreciation during the period.

Expenses for depreciation of right-of-use assets increased from zero in the six-month period ended 30 June 2023G to SAR 649,000 in the six-month period ended 30 June 2024G, as a result of additions to the right-of-use assets (specifically additions of the new brand identity (SH) in the Arab Republic of Egypt).

Depreciation of property, machinery and equipment

Depreciation expenses for property, machinery and equipment decreased by 9.5% from SAR 638 thousand in financial year 2021G to SAR 577 thousand in financial year 2022G as a result of the decrease in the balance of property, machinery and equipment due to the inclusion of machinery and equipment for sale.

Depreciation expenses for property, machinery and equipment increased by 112.6% from SAR 577,000 in financial year 2022G to SAR 1.2 million in financial year 2023G due to additions to machinery and equipment mainly related to new production lines.

Depreciation expenses for property, machinery and equipment stabilized at SAR 368,000 and SAR 440,000 in the six-month period ended 30 June 2023G and the six-month period ended 30 June 2024G, respectively.

Fees, subscriptions and licenses

Fees, subscriptions and licenses expenses are related to the trading fees of the company's resources program subscriptions, special protection fees for IT programs, government fees, licenses and subscriptions. Fees, subscriptions and licenses increased by 61.5% from SAR 225,000 in financial year 2021G to SAR 364,000 in financial year 2022G due to higher marketing campaign fees and licenses.

Fees, subscriptions and licenses increased by 49.3% from SAR 364 thousand in financial year 2022G to SAR 543 thousand in financial year 2023G due to the high fees and licenses of marketing campaigns and the renewal of licenses of some exhibitions.

Fees, subscriptions and licenses expenses were relatively stable at SAR 246,000 and SAR 268,000 in the six-month period ended 30 June 2023G and the six-month period ended 30 June 2024G, respectively.

Maintenance

The maintenance expenses are related to the maintenance of the company's showrooms and cars. Maintenance expenses increased by 149.0% from SAR 116 thousand in financial year 2021G to SAR 288 thousand in financial year 2022G due to the maintenance of some of the company's showrooms.

Maintenance expenses decreased by (10.4%) from SAR 288 thousand in financial year 2022G to SAR 258 thousand in financial year 2023G due to the decrease in maintenance expenses for some of the company's showrooms. Maintenance expenses decreased by 61.6% from SAR 155 thousand in the six-month period ended 30 June 2023G to SAR 60 thousand in the six-month period ended 30 June 2024G as a result of the decrease in maintenance expenses for the company's showrooms.

Communications and utilities

Communications and utilities expenses increased by 14.4% from SAR 443 thousand in financial year 2021G to SAR 507 thousand in financial year 2022G due to the increase in communications and Internet expenses. Communications and utilities expenses decreased by (59.0%) from SAR 507 thousand in financial year 2022G to SAR 208 thousand in financial year 2023G as a result of the rationalization of expenses and the cancellation of some Internet subscriptions and mobile plans.

Communications and utilities expenses decreased by 43.4% from SAR 125 thousand in the six-month period ended 30 June 2023G to SAR 71 thousand in the six-month period ended 30 June 2024G due to the rationalization of expenses and the cancellation of some Internet subscriptions and mobile plans.

Other

Other sales and distribution expenses relate to transportation and delivery expenses, bank expenses and commissions, amortization of leasehold rights improvements, and other expenses.

Other selling and distribution expenses increased by 94.0% from SAR 1.2 million in financial year 2021G to SAR 2.3 million in financial year 2022G as a result of an increase in (1) transportation and delivery expenses of SAR 239,000 due to reclassification from other selling and distribution expenses, (2) bank expenses and commissions of SAR 174,000, and (3) depreciation of lease rights improvements of SAR 128,000.

Other sales and distribution expenses decreased by 10.7% from SAR 2.3 million in financial year 2022G to SAR 2.0 million in financial year 2023G as a result of a decrease in shipping expenses of SAR 706,000 and rental expenses of SAR 381,000. This was partially offset by the exclusion of delivery and transportation expenses of SAR 589K.

Other sales and distribution expenses increased by 42.0% from SAR 972,000 in the six-month period ended 30 June 2023G to SAR 1.4 million in the six-month period ended 30 June 2024G as a result of higher transportation and delivery expenses.

5.6.1.4 General and administrative expenses

Table 19: General and administrative expenses for the financial years ended 31 December 2021G, 2022G and 2023G and the six-month periods ended 30 June 2023G and 2024G

SAR in 000s	Financial Year 2021G (Audited)	Financial Year 2022G (Audited)	Financial Year 2023G (Audited)	Annual change 2021G - 2022G	Annual change 2022G - 2023G	Compound annual growth rate 2021G – 2023G	The six-month period ending on 30-Jun-2023G (Management Information)	The six-month period ending on 30 June 2024G (Management Information)	Change for the six-month period 2023G - 2024G
Salaries, wages and the like	18,837	19,024	19,300	1.0%	1.5%	1.2%	9,484	9,238	(2.6%)
Expenses, allowances and benefits of the members of the Board of Directors and the relevant committees	2,354	4,486	4,233	90.5%	(5.6%)	34.1%	2,038	2,001	(1.8%)
Professional fees and consultancy	3,703	1,812	1,898	(51.1%)	4.7%	(28.4%)	785	530	(32.5%)
Fees, subscription, and licenses	1,770	1,183	1,140	(33.2%)	(3.6%)	(19.8%)	443	399	(9.9%)
Depreciation of property, machinery and equipment	1,265	1,186	719	(6.2%)	(39.4%)	(24.6%)	912	536	(41.2%)
Depreciation of right-of-use assets	408	532	578	30.4%	8.7%	19.1%	392	322	(17.9%)
Travel & Hospitality	608	736	529	21.0%	(28.1%)	(6.7%)	386	426	10.2%
Repair and Maintenance	228	448	462	96.2%	2.9%	42.1%	82	150	82.0%
Communications and utilities	398	497	349	24.7%	(29.8%)	(6.4%)	426	237	(44.3%)
Amortization of intangible assets	332	93	65	(72.0%)	(30.2%)	(55.8%)	-	-	N/A
Bad Debts	-	75	53	N/A	(29.1%)	N/A	14	-	(100%)
Other	1,934	3,324	3,170	71.8%	(4.6%)	28.0%	1,125	1,093	(2.9%)
unreconcilable difference	-	-	-	N/A	N/A	N/A	-	(2,743)	N/A
Total	31,838	33,394	32,494	4.9%	(2.7%)	1.0%	16,087	12,189	(24.2%)
Percentage of sales									
Salaries, wages and the like	11.6%	12.2%	12.8%	0.7	0.5	1.2	11.1%	12.8%	1.7
Expenses, allowances and benefits of the members of the Board of Directors and the relevant committees	1.4%	2.9%	2.8%	1.4	(0.1)	1.4	2.4%	2.8%	0.4
Professional fees and consultancy	2.3%	1.2%	1.3%	(1.1)	0.1	(1.0)	1.1%	0.9%	(0.2)
Fees, subscription, and licenses	1.1%	0.8%	0.8%	(0.3)	(0.0)	(0.3)	0.3%	0.3%	0.0
Depreciation of property, machinery and equipment	0.8%	0.8%	0.5%	(0.0)	(0.3)	(0.3)	1.1%	0.6%	(0.3)
Depreciation of right-of-use assets	0.2%	0.3%	0.4%	0.1	0.0	0.1	0.5%	0.4%	(0.0)
Travel & Hospitality	0.4%	0.5%	0.4%	0.1	(0.1)	0.0	0.5%	0.6%	0.1
Repair and Maintenance	0.1%	0.3%	0.3%	0.1	0.0	0.2	0.1%	0.2%	0.1
Communications and utilities	0.2%	0.3%	0.2%	0.1	(0.1)	(0.0)	0.5%	0.5%	(0.2)
Amortization of intangible assets	0.2%	0.1%	0.0%	(0.1)	(0.0)	(0.2)	(0.0%)	(0.0%)	(0.0)
Bad Debts	0.0%	0.0%	0.0%	0.0	(0.0)	0.0	0.0%	0.0%	0.0
Other	1.2%	2.1%	2.1%	1.0	(0.0)	0.9	1.3%	1.5%	0.2
Total	19.5%	21.5%	21.5%	2.0	0.0	2.0	18.8%	16.9%	(1.9)

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information

Salaries, wages and the like

Salaries, wages and the like increased by 1.0% from SAR 18.8 million in financial year 2021G to SAR 19.0 million in financial year 2022G, as a result of the increase in the number of administrative employees (3 employees).

Salaries, wages and the like increased by 1.5% from SAR 19.0 million in financial year 2022G to SAR 19.3 million in financial year 2023G, as a result of the increase in the number of administrative employees (6 employees).

Salaries, wages and the like decreased by 2.6% from SAR 9.5 million in the six-month period ended 30 June 2023G to SAR 9.2 million in the six-month period ended 30 June 2024G, as a result of the decrease in the number of administrative employees (2 employees).

Expenses, allowances and benefits of the members of the Board of Directors and the relevant committees

The expenses, allowances and benefits of the members of the Board of Directors and the related committees increased by 90.5% from SAR 2.4 million in the financial year 2021G to SAR 4.5 million in the financial year 2022G as a result of the auditor's application of the accounting standard for the offer applied in 2022G, which requires the presentation of all relevant figures for the parent company and its subsidiaries. This was not a requirement in 2021G, the year of comparison, and therefore the increase appeared and the determination of the amounts of remuneration of the members of the committees of SAR 700 thousand.

The expenses, allowances and benefits of the members of the Board of Directors and the relevant committees decreased by 5.6% from SAR 4.5 million in financial year 2022G to SAR 4.2 million in financial year 2023G due to the decrease in attendance allowances for the meetings of the Audit Committee, travel expenses and other benefits with the comparative period.

The expenses, allowances and benefits of the members of the Board of Directors and the related committees were relatively stable and amounted to SAR 2.0 million in the six-month period ended 30 June 2023G and the six-month period ended 30 June 2024G.

Professional fees and consultancy

The professional fees and consultancy are mainly related to the fees related to the improvement of the digital products of the Global Marketing Company for Sleeping Systems Ltd. and the legal review fees in the six-month period ending on 30 June 2024G.

Professional and consulting fees decreased by 51.1% from SAR 3.7 million in financial year 2021G to SAR 1.8 million in financial year 2022G, as a result of the completion of a project with Fluence Consulting Company worth SAR 1.9 million in relation to the consulting work required for the new SH brand identity.

Professional and consulting fees increased by 4.7% from SAR 1.8 million in financial year 2022G to SAR 1.9 million in financial year 2023G, as a result of fees paid for tax and legal advisory services.

Professional and consulting fees decreased by 32.5% from SAR 785,000 in the six-month period ended 30 June 2023G to SAR 530,000 in the six-month period ended 30 June 2024G, due to a decrease in legal consulting fees.

Subscriptions and licenses fees

Subscription and licensing fees decreased by 33.2% from SAR 1.8 million in financial year 2021G to SAR 1.2 million in financial year 2022G, as a result of a decrease in management fees for the Group's investment portfolio of SAR 645,000.

Subscriptions and licenses fees were relatively stable at SAR 1.2 million in financial year 2022G and financial year 2023G.

Subscription and license fees decreased by 9.9% from SAR 443,000 in the six-month period ended 30 June 2023G to SAR 399,000 in the six-month period ended 30 June 2024G, as a result of lower fees related to group data protection and email domain.

Depreciation of property, machinery and equipment

Depreciation of property, machinery and equipment decreased from SAR 1.3 million in financial year 2021G to SAR 1.2 million in financial year 2022G as a result of currency exchange differences related to the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) and the conversion of machinery and equipment into assets available for sale.

Depreciation of property, machinery and equipment decreased from SAR 1.2 million in financial year 2022G to SAR 719,000 in financial year 2023G, mainly due to currency exchange differences resulting from fluctuations in the Egyptian pound.

Depreciation of property, machinery and equipment decreased from SAR 912,000 in the six-month period ended 30 June 2023G to SAR 536,000 in the six-month period ended 30 June 2024G, as a result of the disposal of machinery and equipment made available for sale in the six-month period ended 30 June 2024G.

Depreciation of right-of-use assets

The depreciation of right-of-use assets increased from SAR 408,000 in financial year 2021G to SAR 532,000 in financial year 2022G as a result of an increase in the value of leases (right-of-use), noting that the balance is a pool that includes the cost of sales, sales, distribution, administrative and general expenses.

The depreciation of right-of-use assets was relatively stable at SAR 555 thousand in financial year 2022G and financial year 2023G.

Depreciation of right-of-use assets decreased from SAR 392,000 in the six-month period ended 30 June 2023G to SAR 322,000 in the six-month period ended 30 June 2024G in line with the movement of right-of-use assets.

Travel & Hospitality

Travel and hospitality expenses are mainly related to travel, accommodation and hospitality expenses, and increased from SAR 608 thousand in financial year 2021G to SAR 736 thousand in financial year 2022G as a result of the increase in external and internal business trips.

Travel and hospitality expenses decreased from SAR 736 thousand in financial year 2022G to SAR 529 thousand in financial year 2023G as a result of a decrease in external and internal business trips.

Travel and hospitality expenses increased from SAR 386,000 in the six-month period ended 30 June 2023G to SAR 426,000 in the six-month period ended 30 June 2024G due to an increase in external and internal business trips.

Repair and Maintenance

Repair and maintenance expenses mainly relate to the maintenance of administrative buildings, vehicles, equipment and devices, and increased from SAR 228 thousand in financial year 2021G to SAR 448 thousand in financial year 2022G as a result of increased expenses for the maintenance of buildings and cars.

Repair and maintenance expenses were relatively stable at SAR 455 thousand in financial year 2022G and financial year 2023G.

Repair and maintenance expenses increased from SAR 82,000 for the six-month period ended 30 June 2023G to SAR 150,000 for the six-month period ended 30 June 2024G due to increased building maintenance expenses.

Communications and utilities

Communication and utilities expenses are mainly related to electricity, telecommunications, water, hygiene and hospitality expenses, and increased from SAR 398 thousand in financial year 2021G to SAR 497 thousand in financial year 2022G due to high communication and Internet expenses.

Communication and utilities expenses decreased from SAR 497 thousand in financial year 2022G to SAR 349 thousand in financial year 2023G due to the decrease in telecommunications and Internet expenses.

Communication and utilities expenses decreased from SAR 426 thousand in the six-month period ended 30 June 2023G to SAR 237 thousand in the six-month period ended 30 June 2024G due to the decrease in communication, Internet, cleaning and hospitality expenses.

Amortization of intangible assets

The amortization of intangible assets decreased from SAR 332,000 in financial year 2021G to SAR 93,000 in financial year 2022G as a result of the completion of the amortization of the Company's resources program. It then decreased to SAR 65,000 in financial year 2023G as a result of the complete amortization of the company's resources program.

Bad Debts

Bad debts increased from zero in financial year 2021G to SAR 75 thousand in financial year 2022G due to receivables that the Group was unable to collect from customers, then bad debts decreased from SAR 75 thousand in financial year 2022G to SAR 53 thousand in financial year 2023G. Bad debts decreased from SAR 14 thousand in the six-month period ended 30 June 2023G to zero in the six-month period ended 30 June 2024G.

Other

Other expenses mainly include expenses related to the head office of the company, bank expenses and commissions, among others. Other expenses increased from SAR 1.9 million in financial year 2021G to SAR 3.3 million in financial year 2022G due to withholding tax expenses of SAR 584,000 and consulting expenses of SAR 322,000 related to legal advice. This was partially offset by a decrease in the company's head office expenses of SAR 168,000, among other expenses.

Other expenses were relatively stable at SAR 3.2 million in financial year 2022G and financial year 2023G.

Other expenses were relatively stable at SAR 1.1 million between the six-month period ending 30 June 2023G and the six-month period ending 30 June 2024G.

5.6.1.5 Impairment of current assets

Table 20: Impairment in the value of current assets for the financial years ended 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G

SAR in 000s	Financial Year 2021G (Audited)	Financial Year 2022G (Audited)	Financial Year 2023G (Audited)	Annual change 2021G - 2022G	Annual change 2022G - 2023G	Compound annual growth rate 2021G - 2023G	The six-month period ending on 30 June 2023G (Management Information)	The six-month period ending on 30 June 2024G (Management Information)	Change for the six-month period 2023G - 2024G
Stock impairment	5,878	6,855	8,845	16.6%	29.0%	22.7%	1,947	5,551	185.5%
Expected Credit Loss (ECL)	1,499	1,422	(514)	(5.1%)	136.2%	N/A	879	6	(99.3%)
Impairment of other current assets	1,084	-	261	(100.0%)	N/A	(50.9%)	-	-	N/A
Impairment of assets held for sale	-	-	876	N/A	N/A	N/A	-	-	N/A
Total	8,461	8,277	9,468	(2.2%)	14.4%	5.8%	2,826	5,557	96.8%

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information

The impairment in the value of current assets is mainly related to the decline in the value of stock, the provision for expected credit losses, other current assets, and assets available for sale.

The impairment in the value of other current assets decreased from SAR 8.5 million in financial year 2021G to SAR 8.3 million in financial year 2022G, due to a decrease in the value of other current assets of SAR 1.1 million due to the increase in the provision for the verifiable value of the stock, partially offset by an increase in the value of the stock of SAR 977,000 mainly due to the decrease in the value of the stock of the SIDC Ceramic Plant “Casavia”.

The impairment in the value of current assets increased from SAR 8.3 million in financial year 2022G to SAR 9.5 million in financial year 2023G as a result of the increase in the impairment value of stock by 2.0 million Saudi riyals resulting from the decline in obsolete stock in the SIDC Ceramic Plant “Casavia”, in addition to the decline in the value of assets available for sale by SAR 876 thousand in relation to a machine owned by the Global Marketing Company for Sleeping Systems Ltd., which was not sold and therefore its value was reduced.

The impairment in the value of current assets increased from SAR 2.8 million in the six-month period ended 30 June 2023G to SAR 5.6 million in the six-month period ended 30 June 2024G as a result of the increase in the impairment value of stock by SAR 3.6 million resulting from the decline of obsolete stock in the SIDC Ceramic Plant, with partial compensation by reducing the expected credit losses by SAR 874,000.

5.6.1.6 Financing Costs

Table 21: Financing costs for the financial years ended 31 December 2021G, 2022G and 2023G and the six-month periods ended 30 June 2023G and 2024G

SAR in 000s	Financial Year 2021G (Audited)	Financial Year 2022G (Audited)	Financial Year 2023G (Audited)	Annual change 2021G - 2022G	Annual change 2022G - 2023G	Compound annual growth rate 2021G - 2023G	The six-month period ending on 30 June 2023G (Management Information)	The six-month period ending on 30 June 2024G (Management Information)	Change for the six-month period 2023G - 2024G
Interest on operating leases	515	435	375	(15.5)	(13.8%)	(14.7%)	208	168	(19.3%)
Financing expenses for credit facilities	398	915	1,589	(130.1%)	73.6%	99.9%	809	1,024	26.6%
Total Finance Costs	913	1,350	1,964	47.9%	45.5%	46.7%	1,017	1,192	17.2%

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information

Financing costs relate to interest on credit facilities and lease liabilities.

Financing costs increased by 47.9% from SAR 913,000 in financial year 2021G to SAR 1.4 million in financial year 2022G, driven by interest on credit facilities of SAR 517,000 obtained by the Global Marketing Company for Sleeping Systems Ltd., at an annual interest rate of 6.25%, partially offset by a decrease in operating lease costs of SAR 80,000.

Financing costs increased by 45.5% from SAR 1.4 million in financial year 2022G to SAR 2.0 million in financial year 2023G, driven by interest on credit facilities of SAR 674,000 as a result of the new Murabaha agreement obtained by Global Marketing Company for Sleeping Systems Ltd. in Q2 of financial year 2023G at an annual interest rate of 9.0%.

Financing costs increased by 17.2% from SAR 1.0 million in the six-month period ended 30 June 2023G to SAR 1.2 million in the six-month period ended 30 June 2024G, driven by interest on credit facilities of SAR 215,000 due to the impact of the full period of the new Murabaha agreement obtained by Global Marketing Company for Sleeping Systems Ltd. in the Q2 of financial year 2023G. This was partially offset by a decrease in financing costs for operating leases of SAR 40,000.

5.6.1.7 Other income

Table 22: Other income for the financial years ended 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G

SAR in 000s	Financial Year 2021G (Audited)	Financial Year 2022G (Audited)	Financial Year 2023G (Audited)	Annual change 2021G - 2022G	Annual change 2022G - 2023G	Compound annual growth rate 2021G – 2023G	The six-month period ending on 30-Jun-2023G (Management Information)	The six-month period ending on 30 June 2024G (Management Information)	Change for the six-month period 2023G - 2024G
Write-off of Credit Facilities	-	-	3,943	N/A	N/A	N/A	3,954	-	(100.0%)
Bad debts collected during the year	2,273	3,589	512	58.0%	(85.7%)	(52.5%)	1,159	374	(67.6%)
Scrap sales	2,430	526	1,401	(78.3%)	166.3%	(24.1%)	323	804	148.5%
(Losses) Currency exchange differences	50	(3,053)	(2,686)	(6229.2%)	(12.0%)	N/A	(1,955)	(1,556)	(20.4%)
Profits from the sale of property, machinery and equipment	-	22	131	N/A	505.0%	N/A	110	271	145.7%
Credit Interest	478	673	659	40.7%	(2.0%)	17.4%	336	40	(88%)
Other income	1,314	1,561	2,674	18.8%	71.3%	42.7%	320	433	35.5%
Total Other Revenue	6,545	3,318	6,635	(49.3%)	100.0%	0.7%	4,248	365	(91.4%)

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information

Other income consists of foreign exchange profits/ losses, scrap sales related to the normal by-products of the Group's activities, income related to the support of the Human Resources Development Fund, bad debts collected, profits from the sale of property, machinery and equipment, and credit interest related to bank interest earned from depositing cash with Egyptian banks.

Other income decreased by 49.3% from SAR 6.5 million in financial year 2021G to SAR 3.3 million in financial year 2022G as a result of foreign currency reserve losses of SAR 3.1 million associated with the depreciation of the Egyptian pound (compared to a profit of SAR 50,000 in financial year 2021G), and a decrease in scrap sales of SAR 1.9 million, partially offset by an increase in bad debts collected of SAR 1.3 million.

Other income increased by 100.0% from SAR 3.3 million in financial year 2022G to SAR 6.6 million in financial year 2023G as a result of a one-time write-off of the remaining credit facility provision of SAR 3.9 million in respect of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) after a court case that was in the interest of the Group, and based on the judgment, the Company wrote off the balance of the remaining credit facility provision, and other income of SAR 1.1 million related to the support of the Human Resources Development Fund.

Other income decreased by 91.4% from SAR 4.2 million in the six-month period ended 30 June 2023G to SAR 365,000 in the six-month period ended 30 June 2024G mainly due to the one-time write-off of the provision of the remaining credit facilities recorded in the six-month period ended 30 June 2023G in respect of Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High).

5.6.1.8 (Accrued Zakat) / Reversal of Zakat Provision

Table 23: (Accrued Zakat) / Reversal of Zakat Provision for the financial years ended 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G

SAR in 000s	Financial Year 2021G (Audited)	Financial Year 2022G (Audited)	Financial Year 2023G (Audited)	Annual change 2021G - 2022G	Annual change 2022G - 2023G	Compound annual growth rate 2021G – 2023G	The six-month period ending on 30-Jun-2023G (Management Information)	The six-month period ending on 30 June 2024G (Management Information)	Change for the six-month period 2023G - 2024G
Provision for the year	2,126	1,522	714	(28.4%)	(53.1%)	(42.1%)	695	234	(66.3%)
Income tax -provision during the period	-	-	-	N/A	N/A	N/A	963	196	(79.7%)
Prior Years Adjustments	-	(2,059)	-	N/A	(100.0%)	N/A	-	-	N/A
Total Zakat	2,126	(537)	714	(125.3%)	(232.9%)	(42.1%)	1,658	430	(74.1%)

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information

Zakat and income tax expenses decreased from an expense of SAR 2.1 million in financial year 2021G to a reversal of the zakat provision of SAR 537 thousand in financial year 2022G, driven by zakat amendments for previous years that were applied in financial year 2022G, and this was partially compensated by zakat expenses of SAR 1.5 million of the year. Zakat and income tax expenses amounted to SAR 714,000 in financial year 2023G.

Zakat and income tax expenses decreased by 74.1% from SAR 1.7 million in the six-month period ended 30 June 2023G to SAR 430,000 in the six-month period ended 30 June 2024G due to a decrease in income tax of SAR 768,000 and Zakat of SAR 461,000 during the period.

It is worth mentioning that prior to the six-month period ended 30 June 2024G, Zakat and tax expenses were recorded separately, and as of the six-month period ended 30 June 2024G, Zakat and income tax expenses were merged into one item based on the auditor's classification.

5.6.1.9 Income Tax and Deferred Tax

Table 24: Income tax and deferred tax for the financial years ended 31 December 2021G, 2022G and 2023G and the six-month periods ended 30 June 2023G and 2024G

SAR in 000s	Financial Year 2021G (Audited)	Financial Year 2022G (Audited)	Financial Year 2023G (Audited)	Annual change 2021G - 2022G	Annual change 2022G - 2023G	Compound annual growth rate 2021G – 2023G	The six-month period ending on 30-Jun-2023G (Management Information)	The six-month period ending on 30 June 2024G (Management Information)	Change for the six-month period 2023G - 2024G
Current income tax	1,160	1,358	1,367	17.1%	0.7%	8.6%	(963)	-	(100.0%)
Deferred tax income	75	(254)	6	(441.3%)	(102.2%)	(72.4%)	5	-	(100.0%)
Total	1,235	1,104	1,373	(10.5%)	24.4%	5.5%	(958)	-	(100.0%)

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information

Zakat and tax position

Starting from the financial year 2015, the parent company submits consolidated financial statements and a consolidated Zakat declaration to the parent company and its subsidiaries, with the exception of Emmdad Logistic Services Company, which submits its Zakat declaration separately from the Group, while the rest of the group companies submit an annual information declaration separately to the Zakat, Tax and Customs Authority. The parent company and its subsidiaries submitted their Zakat declarations to the Zakat, Tax and Customs Authority for the years up to the financial year 2022G and obtained the Zakat certificate.

Zakat Assessment

The company received final amended zakat assessments for the years 2009 to 2011 on 01 November 2021G, with total zakat differences amounting to SAR 495 thousand. The company objected to the entire differences and paid 25% of the zakat for the disputed items, amounting to SAR 124 thousand. A decision was issued partially accepting the objection for an amount of SAR 23 thousand, resulting in a remaining disputed amount of SAR 472 thousand. The objection was escalated to the General Secretariat of Zakat, Tax and Customs Committees under case number (113861-2022G-Z) for the year 2019G and case number (113863-2022G-Z) for the year 2020G. The case was suspended to allow a settlement request for the above years to be submitted to the Zakat and Tax Disputes Settlement Committee. The request was received under reference number 20811 dated 10 October 2022G and was subsequently rejected. On 10 January 2023G, a hearing was held at the General Secretariat of the Zakat, Tax and Customs Committees, and the objection was rejected. A formal decision was issued by the Secretariat supporting the Authority's decision. The objection was escalated to the Appellate Committee under case numbers (193987-2023G-Z) and (193989-2023G-Z), and the Appellate Committee issued a final decision rejecting the objection. Accordingly, the company recognized a zakat provision for the full disputed amount and finalized its zakat position for the years 2019G and 2020G and settled the zakat liabilities.

Final amended zakat assessments were issued to the subsidiary (Global Marketing Company for Sleeping Systems Ltd.) for the years 2009 to 2011, with total zakat differences amounting to SAR 2.9 million. The company filed an objection before the First Primary Zakat and Tax Committee in Jeddah under case number (98200-2022G-Z). A hearing was held on 02 January 2023G, and the committee upheld the Authority's decision. The objection was escalated to the Appellate Committee under the same case number (98200-2022G-Z). The Appellate Committee issued a decision rejecting the objection, thereby making the decision final. The company recognized a zakat provision for the full disputed zakat differences. It submitted an installment plan for the Zakat liabilities for the years 2009 to 2011, which was approved by the Zakat, Tax and Customs Authority, to be paid in seven equal installments.

During the financial year 2023G, the Zakat, Tax and Customs Authority amended the zakat declaration of the subsidiary company (Emmdad Logistic Services Company), which resulted in a claim of SAR 12 thousands, and the company recorded the amount in the statement of comprehensive income and payment during the year.

Income tax and deferred tax amounted to 1.2 million Saudi riyals in financial year 2021G and 1.1 million Saudi riyals in financial year 2022G and increased to 1.4 million Saudi riyals in financial year 2023G.

Income tax and deferred tax amounted to zero in the six-month period ended 30 June 2024G due to losses recorded during the period.

5.6.1.10 Net Loss

Table 25: Net loss for the financial years ended 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G

SAR in 000s	Financial Year 2021G (Audited)	Financial Year 2022G (Audited)	Financial Year 2023G (Audited)	Annual change 2021G - 2022G	Annual change 2022G - 2023G	Compound annual growth rate 2021G - 2023G	The six-month period ending on 30-Jun-2023G (Unaudited)	The six-month period ending on 30 June 2024G (Unaudited)	Change for the six-month period 2023G - 2024G
Loss from operation	(28,586)	(41,863)	(78,518)	46.4%	87.6%	65.7%	(12,269)	(11,155)	(9.1%)
Profits realized from financial assets at fair value through profit or loss	440	-	2,224	(100.0%)	N/A	124.8%	2,223	4,804	116.1%
Unrealized (loss)/ profits on financial assets at fair value through profit or loss	613	990	(302)	61.6%	(130.5%)	N/A	(1,472)	(546)	(62.9%)
Dividends from financial assets at fair value	1,532	1,325	1,115	(13.5%)	(15.9%)	(14.7%)	547	378	(30.9%)
Financing Costs	(913)	(1,350)	(1,964)	47.9%	45.5%	46.7%	(1,017)	(1,192)	17.2%
Other income	6,545	3,318	6,635	(49.3%)	100.0%	0.7%	4,248	365	(91.4%)
Net loss before Zakat and income tax	(20,371)	(37,580)	(70,811)	84.5%	88.4%	86.4%	(7,741)	(7,346)	(5.1%)
(Accrued Zakat)/ Reversal of Zakat Provision	(2,126)	537	(714)	(125.3%)	(232.9%)	(42.1%)	(1,658)	(430)	(74.1%)
Income Tax and Deferred Tax	(1,234)	(1,104)	(1,373)	(10.5%)	24.4%	5.5%	5	0	(99.7%)
Loss for the year	(23,730)	(38,147)	(72,897)	60.8%	91.1%	75.3%	(9,394)	(7,776)	(17.2%)

SAR in 000s	Financial Year 2021G (Audited)	Financial Year 2022G (Audited)	Financial Year 2023G (Audited)	Annual change 2021G - 2022G	Annual change 2022G - 2023G	Compound annual growth rate 2021G – 2023G	The six-month period ending on 30-Jun-2023G (Unaudited)	The six-month period ending on 30 June 2024G (Unaudited)	Change for the six-month period 2023G - 2024G
Other comprehensive income									
Items that may later be reclassified as profit or loss:									
Foreign currency translation differences	38	(9,637)	(3,268)	(25360.9%)	(66.1%)	N/A	(3,234)	(6,476)	100.2%
Items that will not be reclassified later as profit or loss:									
Profits on financial assets at fair value through other comprehensive income	2,208	23,049	2,880	943.8%	(87.5%)	14.2%	652	-	(100.0%)
Unrealized profits / (losses) on financial assets at fair value with other comprehensive income	16,883	(14,642)	6,293	(186.7%)	(143.0%)	(38.9%)	7,757	(3,149)	(140.6%)
Re-measurement of employee defined benefit liabilities	(1,070)	3,035	(247)	(383.6%)	(108.1%)	(52.0%)	-	-	N/A
Total other comprehensive income items	18,059	1,805	5,658	(90.0%)	(213.4%)	(44.0%)	5,174	(9,625)	(286.0%)
Net comprehensive loss for the period	(5,671)	(36,341)	(67,240)	(540.8%)	85.0%	244.3%	(4,220)	(17,401)	312.4%

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and unaudited summary financial statements for the six-month period ended 30 June 2024G and management information

Net loss increased by 60.8% from SAR 23.7 million in financial year 2021G to SAR 38.1 million in financial year 2022G, mainly due to a decrease in income of SAR 7.7 million during the period, in addition to an increase in sales and distribution expenses of SAR 4.1 million, an increase in the value of property, machinery and equipment of SAR 3.1 million, administrative expenses of SAR 1.6 million and a decrease in other sales of SAR 3.2 million. This was partially offset by the reverse of Zakat and income tax in the amount of SAR 537 thousands in the financial year 2022G.

The net loss increased by 91.1% from SAR 38.1 million in financial year 2022G to SAR 72.9 million in financial year 2023G, mainly as a result of a decline in the goodwill value of SAR 30.0 million recorded in financial year 2023G in relation to the goodwill of the Global Marketing Company for Sleeping Systems Ltd. as well as a decline in the value of property, machinery, equipment and stock of the SIDC Ceramic Plant, and to a lesser extent, due to a decrease in sales.

Net loss decreased by 17.2% from SAR 9.4 million in the six-month period ended 30 June 2023G to SAR 7.8 million in the six-month period ended 30 June 2024G, due to a decrease in impairment charges and an increase in profitability recorded during the period.

Other comprehensive income

Foreign currency translation differences

During the financial years 2022G and 2023G, the Egyptian pound recorded a decrease in the exchange rate by an average of 36.5% and 20%, respectively, against the Saudi riyal. As a result, a currency exchange amendment has been recorded in relation to foreign currency translation in Egypt. Foreign currency translation differences recorded a profit of SAR 38 thousands in financial year 2021G, and losses of 9.6 million Saudi riyals in financial years 2022G and 3.3 million Saudi riyals in financial year 2023G. Losses of SAR 3.2 million and SAR 6.5 million were recorded in the six-month period ended 30 June 2023G and 2024G, respectively.

Profits on financial assets at fair value through other comprehensive income

Profits from financial assets at fair value through other comprehensive income (FVOCI) amounted to SAR 2.2 million in financial year 2021G and increased to SAR 23.0 million in financial year 2022G and decreased to SAR 2.9 million in financial year 2023G.

Profits from financial assets at fair value through other comprehensive income (FVOCI) amounted to SAR 652,000 in the six-month period ended 30 June 2023G and decreased to zero in the six-month period ended 30 June 2024G.

Unrealized profits/ (losses) on financial assets at fair value through other comprehensive income

Unrealized profits from financial assets at fair value through other comprehensive income amounted to SAR 16.9 million in financial year 2021G and turned into a loss of SAR 14.6 million in financial year 2022G as a result of losses from the securities portfolio. The losses turned into profits in the financial year 2023G and amounted to 6.3 million Saudi riyals as a result of profits from the securities portfolio.

Unrealized profits from financial assets at fair value through other comprehensive income amounted to SAR 7.8 million in the six-month period ended 30 June 2023G and turned into a loss of SAR 3.1 million in the six-month period ended 30 June 2024G.

Re-measurement of employee defined benefit liabilities

The Group grants the specified benefits to its employees taking into account the requirements of the Labor Law in the Kingdom of Saudi Arabia. The benefits granted under the benefits program represent a lump sum calculated on the basis of the last salaries and allowances received by employees and their years of service accrued on the date of termination. Defined benefits are calculated periodically by qualified actuaries using the expected credit unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the proceeds on high-quality corporate bonds recorded in the currency in which the benefits will be paid, and in countries where there are no deep markets for these bonds, market rates are used on government bonds.

The loss from re-measurement in employees' end-of-service benefits amounted to SAR 1.1 million in financial year 2021G and turned into a profit of SAR 3.0 million in financial year 2022G and recorded a loss of SAR 247,000 in financial year 2023G. The profit/ (loss) from the re-measurement of employee defined benefit obligations was zero in the six-month period ended 30 June 2023G and 2024G. The loss from re-measurement in employees' end-of-service benefits varies on an annual basis in line with the employees' length of service, along with the overall change in the number of employees during the period.

5.6.2 Consolidated Statement of Financial Position

Table 26: Consolidated statement of financial position as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Unaudited)
Assets				
Non-current assets				
Financial assets at fair value through other comprehensive income	60,254	52,250	55,704	46,839
Property, machinery and equipment	83,826	68,988	44,445	40,925
Goodwill	62,356	62,356	32,356	32,356
Right-of-use assets	10,559	8,802	10,831	11,542
Intangible assets	229	136	71	49
Advance payments for operating lease	110	-	-	-
Total non-current assets	217,335	192,532	143,408	131,712
Current Assets				
Stock	45,433	37,277	31,964	29,953
Trade receivables	17,731	14,261	15,290	18,460
Other current assets	4,674	4,911	4,284	9,236
Cash and cash equivalents	11,820	17,252	7,167	3,861
Financial assets at fair value through profit or loss	3,935	9,250	3,987	875
Assets available for sale	-	876	-	-
Total Current Assets	83,593	83,827	62,692	62,385
Total Assets	300,928	276,360	206,100	194,096
Equity and Liabilities				
Equity				
Capital	400,000	400,000	400,000	400,000
Foreign currency translation Reserve	(32,242)	(41,878)	(45,147)	(51,622)
Reserve for Change in Fair Value of Investments	(116,224)	(130,866)	8,327	5,178

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Unaudited)
Reserve for Re-measurement of Employee Benefit Liabilities	(42)	2,856	2,561	2,561
Accumulated losses	(47,480)	(63,203)	(267,662)	(276,307)
Total equity attributable to shareholders in the parent company	204,012	166,908	98,079	79,809
Non-controlling equity	7,326	8,088	6,679	7,547
Total Equity	211,338	174,997	104,757	87,356
Liabilities				
Non-current liabilities				
Employee Benefit Obligations	16,113	13,787	14,485	14,748
Lease Obligations – Non-Current Part	7,727	5,475	7,235	5,508
Deferred tax liabilities	783	529	428	276
Total non-current liabilities	24,623	19,790	22,148	20,531
Current liabilities				
Zakat and income tax payable	7,534	5,631	6,016	4,015
Other current liabilities	13,151	12,996	14,381	13,790
Lease Obligations – Current Part	4,688	5,414	2,916	5,194
Subscription Surplus	6,351	6,351	6,351	6,351
Credit Facilities	4,033	25,218	22,096	21,444
Trade payables	29,210	25,963	27,436	35,415
Total current liabilities	64,967	81,573	79,195	86,210
Total Liabilities	89,590	101,363	101,343	106,740
Total equity and liabilities	300,928	276,360	206,100	194,096

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and unaudited summary financial statements for the six-month period ended 30 June 2024G

Table 27: Key Performance Indicators as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

Key Performance Indicators	As of 31 December 2021G (Management Information)	As of 31 December 2022G (Management Information)	As of 31 December 2023G (Management Information)	As of 30 June 2024G (Management Information)
Stock turnover (Days) ⁽¹⁾	113	103	92	90
Trade receivables turnover (Days) ⁽²⁾	46	44	42	49
Trade payables turnover (days) ⁽³⁾	100	100	113	140
Average return on assets ⁽⁴⁾	(7.9%)	(13.8%)	(35.4%)	(36.7%)
Average return on equity ⁽⁵⁾	(11.2%)	(21.8%)	(69.6%)	(81.6%)
Debt to equity ratio ⁽⁶⁾	1.9%	14.4%	21.1%	24.5%

Source: Management Information

1. Stock turnover was calculated using the average stock balance for the previous year and the current year/ cost of goods for the year *365 days for the financial years ended 31 December 2021G, 2022G, 2023G and 180 days as of 30 June 2024G.
2. The turnover rate of receivables was calculated using the average of the total balance of trade receivables for the previous year and the current year/ total income of cash on delivery and buy now pay later service for the year *365 days for the financial years ended 31 December 2021G, 2022G, 2023G and 180 days as of 30 June 2024G.
3. The average turnover of payables has been calculated using the average balance of trade payables for the previous year and the current year/ cost of goods for the year *365 days for the financial years ended 31 December 2021G, 2022G, 2023G and 180 days as of 30 June 2024G.
4. The average return on assets was calculated using the profit of the year / average total assets for the previous and current year as of 31 December 2021G, 2022G and 2023G. The average return on assets was calculated using the profit of the last twelve months for the period / average total assets for the previous year and the current period as of 30 June 2024G.
5. Return on equity was calculated using the profit of the year / average total equity for the previous and current year as of 31 December 2021G, 2022G and 2023G. Return on equity was calculated using the profit of the last twelve months for the period / average total equity for the previous year and the current period as of 30 June 2024G.
6. The debt-to-equity ratio was calculated using credit facilities/ total equity as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G.

Assets

Non-current assets

Non-current assets (SAR 131.7 million as of 30 June 2024G) include financial assets at fair value through other comprehensive income (SAR 46.8 million), property, machinery and equipment (SAR 40.9 million), goodwill (SAR 32.4 million), right-of-use assets (SAR 11.5 million), and intangible assets (SAR 49,000).

Non-current assets decreased from SAR 217.3 million as of 31 December 2021G to SAR 192.5 million as of 31 December 2022G as a result of:

1. Decrease in property, machinery and equipment of SAR 14.8 million due to depreciation expenses of SAR 10.5 million, depreciation fees of SAR 3.1 million mainly related to old machinery and equipment of SIDC Ceramic Plant, which is considered non-revenue generating, and a machine for Global Marketing Company for Sleeping Systems Ltd. (SAR 876,000) that was initially intended for sale, and was not sold and therefore devalued, and net exchange differences of SAR 2.8 million related to fixed assets of Arabian Spring & Foam Mfg. Company Ltd. (Sleep High). This was partially offset by a total addition of SAR 2.5 million during the period, and
2. A decrease in financial assets at FVOCI of SAR 8.0 million as a result of a sale of SAR 23.5 million related to the local securities portfolio, partially offset by additions of SAR 30.1 million during the period.

Non-current assets decreased from SAR 192.5 million as of 31 December 2022G to SAR 143.4 million as of 31 December 2023G mainly as a result of:

1. A decrease in goodwill of SAR 30.0 million due to an impairment identified by a third party during the period, and
2. A decrease in property, machinery and equipment of SAR 24.5 million as a result of an additional decrease of SAR 16.4 million related to the fixed assets of the SIDC Ceramic Plant, and depreciation expenses of SAR 11.7 million. This was partially offset by a total addition of SAR 4.6 million during the period, related to the purchase of 4 production lines and 2 machines to support the new casting line for the one-piece sanitary ware.

This was offset by an increase in financial assets at FVOCI of SAR 3.5 million as a result of unrealized profits of SAR 9.1 million related to the local securities portfolio, and additions of SAR 4.3 million during the period, partially offset by a sale of SAR 7.1 million related to the local securities portfolio, and a depreciation cost of SAR 3.5 million related to the investment of the warehousing and support services company, reducing the fair value of this investment to SAR 1.8 million.

Non-current assets decreased from SAR 143.4 million as of 31 December 2023G to SAR 131.7 million as of 30 June 2024G as a result of:

1. A decrease in financial assets at FVOCI of SAR 8.9 million as a result of a sale of SAR 5.7 million, and unrealized losses of SAR 3.1 million related to the local securities portfolio, and
2. A decrease in property, machinery and equipment of SAR 3.5 million as a result of depreciation expenses of SAR 2.1 million, and asset sales of SAR 1.6 million during the period.

Current Assets

Current assets include (SAR 62.4 million as of 30 June 2024G) stock (SAR 30.0 million), trade receivables (SAR 18.5 million), other current assets (SAR 9.2 million), cash and cash equivalents (SAR 3.9 million), and financial assets at fair value through profit or loss (SAR 875,000).

Current assets were relatively stable at SAR 83.7 million as of 31 December 2021G and 2022G.

Current assets decreased from 83.8 as of 31 December 2022G to SAR 62.7 million as of 31 December 2023G as a result of:

1. A decrease in cash and cash equivalents of SAR 10.1 million due to inflows of SAR 10.8 million for operations, mainly resulting from net loss for the year of SAR 70.8 million before Zakat, partially offset by SAR 8.5 million from investment activities, related to financial assets at fair value; and
2. A decrease in stock of SAR 5.3 million as a result of a decision to dispose of SIDC Ceramic Plant stock and improve the stock turnover rate following the shift in consumer demand from two-piece sanitary ware to one-piece sanitary ware, resulting in an additional provision of SAR 8.8 million during the period (total provision SAR 15.7 million as of 31 December 2023G), which was written off at the end of the year (recorded in the statement of financial position), reducing stock levels and reducing the provision balance to zero as of 31 December 2023G; and
3. A decrease in financial assets at fair value through profit or loss of SAR 5.3 million as a result of a sale of SAR 6.8 million made during the year, and unrealized losses of SAR 302,000, partially offset by additions of SAR 1.8 million.

Current assets were relatively stable at SAR 62.5 million as of 31 December 2023G and 30 June 2024G.

Equity

Equity (SAR 87.4 million as of 30 June 2024G) includes capital (SAR 400.0 million), reserve for change in fair value of investments (SAR 5.2 million), reserve for remeasurement of employee benefit liabilities (SAR 2.6 million), accumulated losses (SAR 276.3 million), Foreign currency translation reserve (SAR 51.6 million), and non-controlling equity (SAR 7.5 million).

Equity decreased from SAR 211.3 million as of 31 December 2021G to SAR 175.0 million as of 31 December 2022G mainly as a result of:

1. An increase in accumulated losses of SAR 15.7 million due to high losses for the year, and
2. A decrease in the fair value reserve for investments of SAR 14.6 million due to unrealized losses of SAR 14.6 million; and
3. A decrease in foreign currency translation reserve of SAR 9.6 million due to depreciation of the Egyptian pound against the Saudi riyal.

Equity decreased from SAR 175.0 million as of 31 December 2022G to SAR 104.8 million as of 31 December 2023G as a result of the increase in accumulated losses of SAR 204.5 million. This was offset by an increase in the change reserve in the fair value of investments of SAR 139.2 million due to unrealized profits of SAR 6.3 million recorded during the period, and a transfer from the change reserve in the fair value of investments to accumulated losses of SAR 132.9 million.

Equity decreased from SAR 104.8 million as of 31 December 2023G to SAR 87.4 million as of 30 June 2024G as a result of an increase in accumulated losses of SAR 8.6 million and a decrease in the reserve for change in the fair value of investments of SAR 3.1 million driven by unrealized losses on financial assets through other comprehensive income of SAR 3.1 million and a decrease in Foreign currency translation reserve of SAR 6.5 million driven by the depreciation of the Egyptian pound against the Saudi riyal.

Liabilities

Non-current liabilities

Non-current liabilities (SAR 20.5 million as of 30 June 2024G) include employee benefit liabilities (SAR 14.7 million), the non-current portion of lease liabilities (SAR 5.5 million), and deferred tax liabilities (SAR 276,000).

Non-current liabilities decreased from SAR 24.6 million as of 31 December 2021G to SAR 19.8 million as of 31 December 2022G, mainly as a result of a decrease in the balance of employee benefit obligations of SAR 2.3 million, which includes the employee's period of service and end of service benefit due based on applicable legal regulations and legislation in the Kingdom of Saudi Arabia, in addition to a decrease in the balance of the non-current portion of lease obligations of SAR 2.3 million in line with depreciation in the right-of-use assets during the period.

Non-current liabilities increased from SAR 19.8 million as of 31 December 2022G to SAR 22.1 million as of 31 December 2023G, as a result of an increase in the balance of employee benefit obligations of SAR 698,000, driven by a slight increase in the rate of salary increase from 2.5% to 2.6%, while the discount rate remained stable at 4.6% and an increase in the balance of the non-current portion of lease obligations by SAR 1.8 million.

Non-current liabilities decreased from SAR 22.1 million as of 31 December 2023G to SAR 20.5 million as of 30 June 2024G, mainly as a result of a decrease in the balance of the non-current portion of lease obligations of SAR 1.7 million in line with depreciation in the right-of-use assets during the period.

Current liabilities

Current liabilities (SAR 86.2 million as of 30 June 2024G) include trade payables (SAR 35.4 million), credit facilities (SAR 21.4 million), other current liabilities (SAR 13.8 million), subscription surplus (SAR 6.4 million), the current portion of lease obligations (SAR 5.2 million), and Zakat and income tax payable (SAR 4.0 million).

Current liabilities increased from SAR 65.0 million as of 31 December 2021G to SAR 81.6 million as of 31 December 2022G as a result of an increase in the balance of credit facilities of SAR 21.2 million in relation to the Global Marketing Company for Sleeping System Ltd. regarding the Murabaha Sale Agreement signed in the financial year 2022G for the purchase and sale of securities with Derayah Financial Company, where the value of the agreement amounted to SAR 20.0 million at an annual interest rate of 6.25%. This was partially offset by a decrease in the balance of trade payables of SAR 3.2 million driven by a decrease in purchases during the period, and the settlement of an outstanding balance to SABIC.

Current liabilities decreased from SAR 81.6 million as of 31 December 2022G to SAR 79.2 million as of 31 December 2023G, mainly due to a decrease in the balance of credit facilities of SAR 3.1 million and a decrease in the current portion of lease obligations of SAR 2.5 million. This was partially offset by an increase in the trade payables balance of SAR 1.5 million mainly driven by an increase in receivables to Royal Commission for Jubail and Yanbu of SAR 1.2 million in respect of the delayed settlement of SICD Ceramic Plant lease.

Current liabilities increased from SAR 79.2 million as of 31 December 2023G to SAR 86.2 million as of 30 June 2024G, as a result of an increase in the balance of trade payables of SAR 8.0 million, driven by an increase in purchases during the period, and an increase in the balance of the current portion of lease obligations of SAR 2.3 million. This was offset by a decrease in the balance of Zakat and income tax payable of SAR 2.0 million.

5.6.2.1 Non-current assets

Table 28: Non-current assets as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Unaudited)
Financial assets at fair value through other comprehensive income	60,254	52,250	55,704	46,839
Property, machinery and equipment	83,826	68,988	44,445	40,925
Goodwill	62,356	62,356	32,356	32,356
Right-of-use assets	10,559	8,802	10,831	11,542
Intangible assets	229	136	71	49
Advance payments for operating lease	110	-	-	-
Total	217,335	192,532	143,408	131,712

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and unaudited summary financial statements for the six-month period ended 30 June 2024

5.6.2.1.1 Financial assets at fair value through statement of other comprehensive income

Table 29: Financial assets at fair value through statement of other comprehensive income as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Unaudited)
Arabian Industrial Fibers Company (Ibn Rushd)				
Cost	132,900	132,900	132,900	132,900
Investment Fair Value Reserve	(132,900)	(132,900)	(132,900)	(132,900)
Fair value	-	-	-	-
Warehousing and Logistics Services Company				
Cost	5,250	5,250	5,250	5,250
Investment Fair Value Reserve	-	(617)	(3,464)	(3,464)
Fair value	5,250	4,633	1,786	1,786
Investment in a quoted local securities portfolio				
Fair value	55,004	47,617	53,918	45,053
Total	60,254	52,250	55,704	46,839
Investment in a quoted local securities portfolio during the year / period:				
As of 1 January	38,766	55,004	47,617	53,918
Unrealized profit/ (loss) during the year/ period	16,883	(14,024)	9,139	(3,149)
Disposals during the year/ period	(24,560)	(23,494)	(7,098)	(5,731)
Additions during the year/ period	23,920	30,131	4,259	15
Cash portion of the portfolio	(4)	-	-	-
Balance as of end of year / period	55,004	47,617	53,918	45,053
Movement on the reserve for change in fair value of investments during the year/ period:				
As of 1 January	(133,107)	(116,224)	(130,866)	8,327
Unrealized profits/ (losses) during the year/ period - investment in a portfolio of securities	16,883	(14,024)	9,139	(3,149)
Unrealized (losses) during the year - Warehousing and Logistics Services Company	-	(617)	(2,847)	-
Net unrealized profit/ (loss) during the year/ period	16,883	(14,642)	6,293	(3,149)
Profit earned during the year/ period	2,208	23,049	2,880	(357)
Reclassification of realized profits from financial assets at FVOCI to accumulated losses	(2,208)	(23,049)	(2,880)	357
Transfer from change in fair value of investments reserve to accumulated losses	-	-	132,900	-
Total	(116,224)	(130,866)	8,327	5,178

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and unaudited summary financial statements for the six-month period ended 30 June 2024 and management information

Financial assets at FVOCI include equity shares in the value of a portfolio designated for investment in (i) Arabian Industrial Fibers Company (Ibn Rushd), (ii) Warehousing and Logistics Services Company, and (iii) the shares of banks and other joint stock companies traded on the Saudi Arabian and Egyptian Stock Exchange. These financial assets at fair value are not held for trading. The Group has made an irrevocable choice upon initial recognition to recognize changes in fair value through other comprehensive income instead of profit or loss, as these strategic investments are considered by the Group to be more important. The Group maintains this portfolio with one of the local brokerage firms licensed in the Kingdom of Saudi Arabia. These investments were recognized at fair value as of 31 December 2021G, 2022G, 2023G and 30 June 2024G, according to the closing prices at the end of trading on the date of the financial position.

Arabian Industrial Fibers Company (Ibn Rushd)

The balance of financial assets at fair value through the statement of other comprehensive income invested in the shares of the Arabian Industrial Fibers Company (Ibn Rushd) as of 31 December 2021G, 2022G and 2023G and on 30 June 2024G amounted to nothing. The Group's investment is recognized at fair value. The Group's management reversed the full recorded value as of 31 December 2019G, while recognizing the fair value of those financial assets within the fair value reserve account for investments. During the financial year 2023G, the Board of Directors of the Group decided to transfer the amount of the fair value reserve of SAR 132.9 million to the accumulated losses account. Management reviews the fair value of the investment periodically.

Warehousing and Logistics Services Company

The Group's management studied the fair value of the investment in Warehouses and Logistics Services Company (Closed Joint Stock Company). The study resulted in a decrease in the fair value of the investment by SAR 617,000 as of 31 December 2022G and SAR 2.8 million as of 31 December 2023G and 30 June 2024G. Accordingly, the value of the investment was reduced and the fair value reserve for investments was increased by a total depreciation value of 3.417 million Saudi riyals.

Investment in a quoted local securities portfolio during the year

The balance of financial assets at fair value through the statement of other comprehensive income invested in a local securities portfolio amounted to SAR 55.0 million as of 31 December 2021G and decreased to SAR 47.6 million as of 31 December 2022G as a result of a sale of SAR 23.5 million related to the priced local securities portfolio, and unrealized losses during the year of SAR 14.0 million. This was partially offset by the addition of SAR 30.1 million made during the period.

The balance of financial assets at fair value through the statement of other comprehensive income invested in a local securities portfolio increased from SAR 47.6 million as of 31 December 2022G to SAR 53.9 million as of 31 December 2023G as a result of unrealized profits during the year of SAR 9.1 million and the addition of SAR 4.3 million made during the period, partially offset by a sale of SAR 7.1 million.

The balance of financial assets at fair value through the statement of other comprehensive income invested in a quoted local securities portfolio decreased from 53.9 million Saudi riyals as of 31 December 2023G to 45.1 million Saudi riyals as of 30 June 2024G as a result of a sale of 5.7 million Saudi riyals related to the quoted local securities portfolio, and unrealized losses during the year of 3.1 million Saudi riyals.

5.6.2.1.2 Property, machinery and equipment

Table 30: Net book value of property, machinery and equipment as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Management Information)
Lands	17,723	17,278	17,121	17,121
Buildings and constructions	20,249	16,933	1,440	594
Machinery and equipment	27,061	17,972	12,196	11,128
Cars and trucks	15,485	14,224	11,624	11,554
Office Supplies and Appliances	3,154	2,426	2,064	401
Projects under implementation	155	155	1	126
Total	83,826	68,988	44,445	40,925

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information

Table 31: Additions to property, machinery and equipment as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Management Information)
Lands	-	-	-	-
Buildings and constructions	-	42	15	33
Machinery and equipment	827	576	3,397	-
Cars and trucks	3,019	1,539	425	-
Office Supplies and Appliances	301	356	379	28
Projects under implementation	43	-	376	126
Total	4,189	2,514	4,593	186

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information

Table 32: Accumulated depreciation of property, machinery and equipment as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Management Information)
Lands	-	-	-	-
Buildings and constructions	69,681	71,802	75,830	76,708
Machinery and equipment	171,173	169,658	172,703	164,966
Cars and trucks	27,432	29,680	30,867	26,617
Office Supplies and Appliances	25,796	26,153	26,621	27,984
Projects under implementation	-	-	-	-
Total	294,082	297,293	306,022	296,275

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information

Table 33: Decline in the value of property, machinery and equipment as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Management Information)
Lands	-	-	-	-
Buildings and constructions	-	-	10,812	10,812
Machinery and equipment	-	3,106	7,990	7,990
Cars and trucks	-	-	218	218
Office Supplies and Appliances	-	-	78	78
Projects under implementation	-	-	375	375
Total	-	3,106	19,473	19,473

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information

Lands

The lands are related to four plots, one for Global Marketing Company for Sleeping Systems Ltd. and three for the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High). The balance of the net book value of land decreased from SAR 17.7 million as of 31 December 2021G to SAR 17.3 million as of 31 December 2022G, as a result of Foreign currency translation differences of SAR 445,000. The balance of the net book value of land decreased from SAR 17.3 million as of 31 December 2022G to SAR 17.1 million as of 31 December 2023G, as a result of Foreign currency translation differences of SAR 157,000. The balance of the net book value of the land stabilized at SAR 17.1 million as of 31 December 2023G and 30 June 2024G, due to the absence of any additions during the period.

Buildings and constructions

Most of the buildings are located on land leased from Saudi Authority for Industrial Cities and Technology Zones in Jeddah, and from the Royal Commission for Jubail and Yanbu, with annual leases for varying renewable periods.

The balance of the net book value of buildings and construction decreased from SAR 20.2 million as of 31 December 2021G to SAR 16.9 million as of 31 December 2022G, as a result of annual depreciation of SAR 2.6 million and Foreign currency translation differences of SAR 799,000 during the period.

The balance of the net book value of buildings and construction decreased from SAR 16.9 million as of 31 December 2022G to SAR 1.4 million as of 31 December 2023G, as a result of the decline during the year of the buildings of the SIDC Ceramic Plant by SAR 10.8 million during the period.

The balance of the net book value of buildings and construction decreased from 1.4 million Saudi riyals as of 31 December 2023G to SAR 594 thousands as of 30 June 2024G, as a result of depreciation for the period by SAR 878 thousands.

Machinery and equipment

The machines and equipment are related to the devices used in the factories in the Global Marketing Company for Sleeping Systems Ltd. and the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) used in the manufacture of spring mattresses, foam of various pressures, foam mattresses, beds, commercial agencies related to accessories, pillows and protective covers, pressed foam and in SIDC Ceramic Plant used in the manufacture of sanitary ware, wall tiles, ceramic and acrylic floors, and bathtubs.

The balance of the net book value of machinery and equipment decreased from SAR 27.1 million as of 31 December 2021G to SAR 18.0 million as of 31 December 2022G, as a result of the conversion of machines with a book value of SAR 876,000 into assets available for sale and Foreign currency translation differences with a book value of SAR 1.2 million, in addition to the decrease in value of SAR 3.1 million related to the SIDC Ceramic Plant.

The balance of the net book value of machinery and equipment decreased from SAR 18.0 million as of 31 December 2022G to SAR 12.2 million as of 31 December 2023G, as a result of annual depreciation of SAR 3.9 million, in addition to the decrease in value of SAR 4.9 million related to the SIDC Ceramic Plant, partially offset by additions of SAR 3.4 million related to SIDC Ceramic Plant.

The balance of netbook value of machinery and equipment decreased from SAR 12.2 million as of 31 December 2023G to SAR 11.1 million as of 30 June 2024G, as a result of annual depreciation of SAR 1.1 million.

Cars and trucks

Cars and trucks are related to Emmdad Company and are linked to 90 cars and trucks. The balance of the netbook value of cars and trucks decreased from SAR 15.5 million as of 31 December 2021G to SAR 14.2 million as of 31 December 2022G, as a result of annual depreciation of SAR 2.7 million, partially offset by additions of SAR 1.5 million.

The balance of the net book value of cars and trucks decreased from SAR 14.2 million as of 31 December 2022G to SAR 11.6 million as of 31 December 2023G, as a result of an annual depreciation of SAR 2.7 million, partially offset by additions of SAR 425,000.

The balance of net book value of cars and trucks was relatively stable at SAR 11.6 million as of 31 December 2023G and 30 June 2024G.

Office Supplies and Appliances

The balance of the netbook value of office supplies and appliances decreased from SAR 3.2 million as of 31 December 2021G to SAR 2.4 million as of 31 December 2022G, as a result of the depreciation by SAR 837,000 and as a result of Foreign currency translation differences with a book value of SAR 248,000.

The balance of the net book value of office supplies and appliances decreased from 2.4 million Saudi riyals as of 31 December 2022G to 2.1 million Saudi riyals as of 31 December 2023G, as a result of the depreciation by SAR 672 thousands

The balance of the netbook value of office supplies and appliances decreased from SAR 2.1 million as of 31 December 2023G to SAR 401,000 as of 30 June 2024G, as a result of disposals with a book value of SAR 1.6 million during the period.

Projects under implementation

The balance of the netbook value of projects under implementation stabilized at SAR 155,000 as of 31 December 2021G and 31 December 2022G, as a result of the absence of additions during the period.

The balance of the net book value of projects under implementation decreased from SAR 155,000 as of 31 December 2022G to SAR 1,000 as of 31 December 2023G, as a result of the decline recorded during the year of SAR 375,000 and the transfer to buildings and construction by SAR 95,000 and disposals of SAR 61,000. This was partially offset by additions of SAR 376,000.

The balance of net book value of projects under implementation increased from One thousand Saudi riyals as of 31 December 2023G to SAR 126 thousands as of 30 June 2024G, as a result of additions of SAR 126 thousands during the period.

It should be noted that there are no expected adjustments to depreciation policies.

5.6.2.1.3 Goodwill

The goodwill balance represents an increase in the cost of investing in the Global Marketing Company for Sleeping Systems Ltd. (a subsidiary) over the fair value of its net assets at the time of business combination.

Goodwill arising from business combinations is tested annually for impairment. The impairment test is based on calculating the “value in use,” which relies on cash flow projections derived from the estimated operating results of the cash-generating units.

As of December 31, 2023, the Group’s management reviewed the recoverable amount of goodwill. The recoverable amount was calculated based on the value in use of the cash-generating unit as determined by the Group’s management, which consists of the net operating assets of the subsidiary. In determining the value in use of the cash-generating unit, the cash flows were discounted based on the financial budgets approved by the subsidiary’s management for a period of five years, using a discount rate of 13-14%. The calculation of value in use is generally affected by changes in the following key assumptions:

- Discount rate used in cash flow estimates
- Sale prices and quantities

The above study resulted in a decrease in the carrying value of goodwill by SAR 30 million. The Group recorded the amount of the decline on the consolidated statement of comprehensive income, so the net goodwill balance became SAR 32.4 million as of 31 December 2023G.

5.6.2.1.4 Right-of-use assets

Table 34: Net book value of right-of-use assets as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Management Information)
As of 1 January,	11,068	10,559	8,802	10,831
Additions during the year / period	3,653	4,003	6,030	2,994
Disposals during the year / period	-	(181)	(63)	(260)
Depreciation during the year / period	(4,163)	(5,579)	(4,109)	(2,010)
Adjustments during the year / period	-	-	172	(13)
As of the end of the year / period	10,559	8,802	10,831	11,542

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information

Table 35: Details of leased assets and net book value of right-of-use assets as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	Type	Contract start date	Contract end date	As of 31 December 2021G (Management Information)	As of 31 December 2022G (Management Information)	As of 31 December 2023G (Management Information)	As of 30 June 2024G (Management Information)
SIDC Ceramic Plant Land	Lands	February 2020G	October 2029	2,603	2,265	1,989	1,603
Red Sea Warehouse – Jeddah	Buildings and constructions	November 2014	November 2024G	406	263	1,469	1,390
SH Showroom, City Star – Egypt	Buildings and constructions	March 2024G	June 2029G	-	-	-	1,303
Riyadh Warehouse	Buildings and constructions	July 2021G	January 2025	582	397	1,127	801
Al Madinah Al Munawwarah Road Showroom – Jeddah	Buildings and constructions	June 2022G	June 2026G	-	455	691	633
Other				6,968	5,423	5,556	5,811
Total				10,559	8,802	10,831	11,542

Source: Company Information

The Group has entered into twenty-four lease contracts, sixteen of which relate to Global Marketing Company for Sleeping Systems Ltd..

The right-of-use decreased from SAR 10.6 million as of 31 December 2021G to SAR 8.8 million as of 31 December 2022G, driven by depreciation charges of SAR 5.6 million, which exceeded additions of SAR 4.0 million related to showrooms contracts made during the period.

The right of use increased from 8.8 million Saudi riyals as of 31 December 2022G to 10.8 million Saudi riyals as of 31 December 2023G, as a result of additions of 6.0 million Saudi riyals related to showrooms contracts that took place during the period, partially offset by annual depreciation of 4.1 million Saudi riyals.

The right of use increased from SAR 10.8 million as of 31 December 2023G to SAR 11.5 million as of 30 June 2024G, driven by additions of SAR 3.0 million during the period related to the application of IFRS 16 for the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High), and an increase in rates from one of the owners, partially offset by annual depreciation of SAR 2.0 million.

5.6.2.1.5 Intangible assets

Table 36: Net book value of intangible assets as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s - Computer programs	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Management Information)
Net book value at 1 January	561	229	136	71
Amortization during the year	(332)	(93)	(65)	(22)
Net book value at the end of the year/ period	229	136	71	49

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information

Intangible assets consist of software and computer systems.

The net book value decreased from SAR 229,000 as of 31 December 2021G to SAR 136,000 as of 31 December 2022G as a result of the depreciation of these assets by SAR 93,000, with no additions made during the period.

The net book value decreased from SAR 136 thousands as of December 31, 2022G to SAR 71 thousands as of December 31, 2023G as a result of the depreciation of these assets by SAR 65 thousands, with no additions during the period.

The net book value decreased from SAR 71,000 as of 31 December 2023G to SAR 49,000 as of 30 June 2024G as a result of the depreciation of these assets by SAR 22,000, with no additions made during the period.

5.6.2.1.6 Advance Payments on Operating Lease

Advance payments on the operating lease contract amounted to SAR 110,000 as of 31 December 2021G and relate to advance payments received from customers and are therefore an obligation of the Company and are not related to finance lease contracts.

5.6.2.2 Current Assets

Table 37: Current assets as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Unaudited)
Stock	45,433	37,277	31,964	29,953
Trade receivables	17,731	14,261	15,290	18,460
Other current assets	4,674	4,911	4,284	9,236
Cash and cash equivalents	11,820	17,252	7,167	3,861
Financial assets at fair value through profit or loss	3,935	9,250	3,987	875
Assets available for sale	-	876	-	-
Total	83,593	83,827	62,692	62,385

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and unaudited summary financial statements for the six-month period ended 30 June 2024

5.6.2.2.1 Stock

Table 38: Stock as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Management Information)
Raw materials	21,691	19,089	13,693	12,356
Finished goods and accessories	17,471	16,644	12,436	16,267
Spare parts	3,203	4,563	2,894	3,093
Production in progress	2,174	3,182	2,941	3,784
Total Stock	44,539	43,478	31,963	35,500
Stock impairment	-	(6,855)	-	(5,551)
Goods on the way	894	654	1	4
Net Stock	45,433	37,277	31,964	29,953
Movement in impairment during the year / period:				
As of 1 January	-	-	6,855	-
Recognized during the year / period	5,878	6,855	8,845	5,551
Written off during the year / period	(5,878)	-	(15,699)	-
Total	-	6,855	-	5,551
The movement of addition on stock impairment:				
Slow-moving and obsolete stock	2,887	-	-	-
Cost drop below net realizable value	2,990	-	-	-
Total	5,878	-	-	-

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information

Table 39: Stock ages as of 30 June 2024G

SAR in 000s	Current	12-24 months	24-36 months	More than 36 months	30 June 2024G (Management Information)
Raw materials	10,094	2,099	5	158	12,356
Finished goods and accessories	13,156	3,087	19	4	16,267
Spare parts	729	1,122	65	1,178	3,093
Production in progress	3,772	7	0	4	3,784
Total	27,751	6,316	89	1,345	35,500

Source: Management Information

Stock consists mainly of finished goods and accessories, raw materials, production in progress, and spare parts minus stock impairment. Stock decreased from SAR 45.4 million as of 31 December 2021G to SAR 37.3 million as of 31 December 2022G, driven by a provision of SAR 6.9 million recorded during the period, SAR 4.9 million of which were recorded against the obsolete SIDC Ceramic Plant stock and SAR 2.0 million against the slow-moving stock of the Global Marketing Company for Sleeping Systems Ltd..

Stock decreased from SAR 37.3 million as of 31 December 2022G to SAR 32.0 million as of 31 December 2023G, driven by the decision to dispose the stock of SIDC Ceramic Plant and improve the stock turnover rate after the shift in consumer demand from two-piece sanitary ware to one-piece sanitary ware, resulting in an additional increase in the stock provision by SAR 8.8 million during the period, which was written off at the end of the financial year, resulting in lower stock levels and a decrease in the provision balance to zero as of 31 December 2023G.

Stock decreased from SAR 32.0 million as of 31 December 2023G to SAR 30.0 million as of 30 June 2024G, driven by a provision of SAR 5.6 million recorded during the period and mainly related to slow-moving stock of SIDC Ceramic Plant, partially offset by an increase in finished goods and accessories of SAR 3.8 million related to one-piece sanitary ware in SIDC Ceramic Plant.

Management performs a quarterly stock assessment and calculates provision based on 3 categories (i) obsolescence, (ii) slowness of movement based on opening balance turnover / utilization value, and (iii) below cost and net realizable value. The provision as of 30 June 2024G is mainly related to SIDC Ceramic Plant (about 90.0%), while the rest is related to the Global Marketing Company for Sleeping Systems Ltd.. A full write-off of SAR 15.7 million was made in respect of SIDC Ceramic Plant's obsolete stock during the period, resulting in reduced provisions and stock balance during the period.

5.6.2.2.2 Trade receivables

Table 40: Trade receivables as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Unaudited)
Trade receivables	18,119	16,119	15,905	18,757
Provision for expected credit losses (ECL)	(387)	(1,858)	(616)	(297)
Net trade receivables	17,731	14,261	15,290	18,460
Movement in provision for expected credit losses of trade receivables during the year / period:				
Balance as of 1 January	261	387	1,858	616
(reverse provision) / recognized during the year/ period	1,499	1,422	(514)	-
Written off during the year / period	(1,372)	-	(718)	(319)
Foreign currency translation differences	0	49	(10)	-
Balance as of end of year / period	387	1,858	616	297

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and unaudited summary financial statements for the six-month period ended 30 June 2024G and management information

Table 41: Ages of trade receivables as of 30 June 2024G

SAR in 000s	0-30 Day	31-60 Day	61-90 Day	91-120 Day	121-180 Day	181-365 Day	>365 Day	30 June 2024G (Management Information)
Total	5,577	3,885	3,328	5,072	474	319	102	18,757

Source: Management Information

Trade receivables consist mainly of receivables from private, government and project customers.

The balance of trade receivables decreased from SAR 17.7 million as of 31 December 2021G to SAR 14.3 million as of 31 December 2022G, driven by a decrease in sales recorded during the period, and an increase in the provision for expected credit losses by SAR 1.5 million in relation to long-outstanding balances.

The balance of trade receivables increased from SAR 14.3 million as of 31 December 2022G to SAR 15.3 million as of 31 December 2023G, mainly due to the reversal of provision during the period as SAR 514,000 was collected from the balances to which it was allocated, which led to a decrease in the provision for expected credit losses at the end of the financial year.

The balance of trade receivables increased from SAR 15.3 million as of 31 December 2023G to SAR 18.5 million as of 30 June 2024G, driven by the increase in sales recorded in the first quarter of the financial year 2024G, which is related to the increase in discounts provided.

5.6.2.2.3 Other current assets

Table 42: Other current assets as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Management Information)
Advance payments to suppliers	2,609	2,721	1,032	4,583
Impairment of advance payments to suppliers	(90)	-	-	-
Prepaid expenses	464	974	1,855	3,267
Letter of credits	450	450	8	21
Employee Receivables	552	532	500	830
Insurance	518	105	444	252
Other	171	185	723	506
Total other current assets	4,674	4,968	4,562	9,458
Impairment of other current assets	-	(57)	(278)	(223)

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Management Information)
Balance as of 31 December/30 June	4,674	4,911	4,284	9,236
The movement of Impairment of other current assets during the year / period:				
Balance as of 1 January	25	90	57	278
Recognized during the year / period	1,084	-	261	-
Written off during the year / period	(1,019)	-	(31)	(51)
Foreign currency translation differences	1	(33)	(10)	(4)
Total	90	57	278	223

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information.

The balance of other current assets increased from SAR 4.7 million as of 31 December 2021G to SAR 5.0 million as of 31 December 2022G, driven by an increase of SAR 112,000 in the balance of advance payments to suppliers paid by credit facilities held with Derayah Financial Company and an increase of SAR 511,000 in the balance of prepaid expenses due to advance payments made to the new SIDC Ceramic Plant machines. This increase was offset by a decrease of SAR 412,000 in the prepaid insurance balance.

The balance of other current assets decreased from SAR 5.0 million as of 31 December 2022G to SAR 4.6 million as of 31 December 2023G, driven by a decrease of SAR 1.7 million in the balance of advance payments to suppliers, as the Group recorded fixed assets and stock received. This was partially offset by an increase of SAR 881,000 in the balance of prepaid expenses paid by advance payments related to medical insurance, advertising and IT protection subscriptions.

The balance of other current assets increased from SAR 4.6 million as of 31 December 2023G to SAR 9.5 million as of 30 June 2024G, driven by an increase of SAR 3.6 million in the balance of advance payments to suppliers paid by the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) to a supplier for raw materials and an increase of SAR 1.4 million in the balance of prepaid expenses paid by prepaid rents and medical insurance.

Impairment of other current assets

The impairment of other current assets decreased from SAR 90,000 as of 31 December 2021G to SAR 57,000 as of 31 December 2022G due to recognition of negative currency exchange differences of SAR 33,000.

The impairment of other current assets increased from SAR 57 thousand as of December 31, 2022G to SAR 278 thousand as of December 31, 2023G, driven by the registration of a provision with a net value of SAR 230 thousand and negative currency exchange differences of SAR -10 thousand.

The impairment of other current assets decreased from SAR 278,000 as of 31 December 2023G to SAR 223,000 as of 30 June 2024G, driven by a write-off of SAR 51,000.

5.6.2.2.4 Financial assets at fair value through profit or loss

Table 43: Financial assets at fair value through profit or loss as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Unaudited)
Balance as of 1 January	956	3,935	9,250	3,987
unrealized (Loss) / profit during the year	613	990	(302)	(546)
Additions during the year / period	-	4,325	1,831	2,527
Disposals during the year / period	-	-	(6,793)	(5,093)
Net additions (disposals) during the year / period	2,366	-	-	-
Balance as of end of year / period	3,935	9,250	3,987	875

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and unaudited summary financial statements for the six-month period ended 30 June 2024

Investments are represented in the value of a portfolio dedicated to investing in the shares of banks and other joint stock companies listed in the Saudi and Egyptian stock market for the purpose of trading. The Group maintains this portfolio with licensed brokerage firms. Investments in securities are recognized at fair value at closing prices at the end of trading at the date of the financial position.

Financial assets at fair value through profit or loss increased from SAR 3.9 million as of 31 December 2021G to SAR 9.3 million as of 31 December 2022G, driven by additions of SAR 4.3 million and unrealized profits of SAR 990,000.

Financial assets at fair value through profit or loss decreased from SAR 9.3 million as of 31 December 2022G to SAR 4.0 million as of 31 December 2023G, as a result of a sale of SAR 6.8 million during the financial year and unrealized losses of SAR 302,000, partially offset by additions of SAR 1.8 million.

Financial assets at fair value through profit or loss decreased from SAR 4.0 million as of 31 December 2023G to SAR 875,000 as of 30 June 2024G, as a result of a sale of SAR 5.1 million during the financial year and unrealized losses of SAR 546,000, partially offset by additions of SAR 2.5 million.

5.6.2.2.5 Cash and cash equivalents

Table 44: Cash and cash equivalents as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Management Information)
Cash at banks	10,166	16,907	7,032	3,616
Cash on hand	423	264	135	179
Cheques under collection	1,228	81	-	29
Cash held with investment portfolio	4	-	-	37
Total	11,820	17,252	7,167	3,861

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G and 2022G and management information

Cash and cash equivalents consist mainly of cash held at banks. As of 30 June 2024G, there is no restricted cash.

The cash and cash equivalents balance increased from SAR 11.8 million as of 31 December 2021G to SAR 17.3 million as of 31 December 2022G, mainly due to cash of SAR 29.6 million from investment activities, while financial assets at fair value were partially offset by cash used in operating activities of SAR 11.7 million, mainly resulting from the net loss for the financial year of SAR 37.6 million before Zakat.

The cash and cash equivalents balance decreased from SAR 17.3 million as of 31 December 2022G to SAR 7.2 million as of 31 December 2023G, mainly due to cash used in operating activities of SAR 10.8 million resulting from a net loss for the year before Zakat and income tax of SAR 70.8 million. Partially offset by cash of SAR 8.5 million from investment activities in respect of financial assets at fair value.

The cash and cash equivalents balance decreased from SAR 7.2 million as of 31 December 2023G to SAR 3.9 million as of 30 June 2024G, mainly due to cash used in operating activities of SAR 6.3 million, partially offset by cash of SAR 10.6 million from investment activities related to financial assets.

Assets available for sale

The value of the assets available for sale amounted to SAR 876 thousands as of 31 December 2022G and related to a machine belonging to the Global Marketing Company for Sleeping Systems Ltd. that was purchased in the financial year 2017G and is no longer in use, and therefore available for sale. The fair value of the machine exceeded the netbook value based on quotations provided by third parties. The Group did not sell the machine and therefore recorded a decline in its value during the financial year 2023G.

5.6.2.3 Equity

Table 45: Equity as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Unaudited)
Capital	400,000	400,000	400,000	400,000
Foreign currency translation reserve	(32,242)	(41,878)	(45,147)	(51,622)
Reserve for change in fair value of investments	(116,224)	(130,866)	8,327	5,178
Reserve for re-measurement of employee benefit liabilities	(42)	2,856	2,561	2,561
Accumulated losses	(47,480)	(63,203)	(267,662)	(276,307)

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Unaudited)
Total equity attributable to shareholders in the parent company	204,012	166,908	98,079	79,809
Non-controlling equity	7,326	8,088	6,679	7,547
Total	211,338	174,997	104,757	87,356

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and unaudited summary financial statements for the six-month period ended 30 June 2024

5.6.2.3.1 Capital

The authorized, subscribed and fully paid-up capital of the Company is SAR 400.0 million distributed over 40.0 million shares of SAR 10 each.

5.6.2.3.2 Foreign currency translation Reserve

Table 46: Foreign currency translation Reserve as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Management Information)
Balance as of 1 January	(32,280)	(32,242)	(41,878)	(45,147)
Change in Foreign currency translation reserve	38	(9,637)	(3,268)	(6,476)
Balance as of end of year / period	(32,242)	(41,878)	(45,147)	(51,622)

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information

The balance of the Foreign currency translation reserve amounted to SAR 32.2 million, SAR 41.9 million, SAR 45.1 million, and SAR 51.6 million as of 31 December 2021G, 31 December 2022G, 31 December 2023G, and 30 June 2024G, respectively.

5.6.2.3.3 Reserve for Change in Fair Value of Investments

The reserve for change in fair value of investments relates to the portfolio of financial assets at fair value through other comprehensive income.

The reserve for change in fair value of investments decreased from -116.2 million Saudi riyals as of 31 December 2021G to -130.9 million Saudi riyals as of 31 December 2022G as a result of unrealized losses amounting to 14.6 million Saudi riyals.

The reserve for change in fair value of investments increased from -130.9 million Saudi riyals as of 31 December 2022G to 8.3 million Saudi riyals as of 31 December 2023G due to unrealized profits of 6.3 million Saudi riyals, and a transfer from the reserve for change in the fair value of investments to accumulated losses of 132.9 million Saudi riyals.

The reserve for change in fair value of investments decreased from SAR 8.3 million as of 31 December 2023G to SAR 5.2 million as of 30 June 2024G, driven by unrealized losses on financial assets through other comprehensive income of SAR 3.1 million.

5.6.2.3.4 Accumulated losses

Accumulated losses relate to losses that have accrued on the Group during historical periods. On 19 September 2024G, the Extraordinary General Assembly approved the reduction of the Group's capital from SAR 400.0 million to SAR 135.0 million, by cancelling 26.5 million shares in order to restructure the capital. Thus, the Group amortized SAR 265.0 million of accumulated losses as of September 2024G, thus reducing the accumulated losses to SAR 9.5 million.

5.6.2.3.5 Non-controlling equity

Non-controlling equity relates to the Group's 50.0% non-controlling interest in Emmad Logistic Services Company.

5.6.2.3.6 Financing Structure

Table 47: Financing structure as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Unaudited)
Credit Facilities	4,033	25,218	22,096	21,444
Cash and cash equivalents	11,820	17,252	7,167	3,861
Capital	400,000	400,000	400,000	400,000
Foreign currency translation Reserve	(32,242)	(41,878)	(45,147)	(51,622)
Reserve for Change in Fair Value of Investments	(116,224)	(130,866)	8,327	5,178
Reserve for Re-measurement of Employee Benefit Liabilities	(42)	2,856	2,561	2,561
Accumulated losses	(47,480)	(63,203)	(267,662)	(276,307)
Total equity attributable to shareholders in the parent company	204,012	166,908	98,079	79,809
Non-controlling equity	7,326	8,088	6,679	7,547
Total Equity	211,338	174,997	104,757	87,356
Financing Structure (Total Debt + Equity)	215,371	200,215	126,853	108,799
Borrowing Rate % = (Total Debt / Financing Structure)	1.87%	12.60%	17.42%	19.71%

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and unaudited summary financial statements for the six-month period ended 30 June 2024G

5.6.2.4 Non-current liabilities

Table 48: Non-current liabilities as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Unaudited)
Employee Benefit Obligations	16,113	13,787	14,485	14,748
Lease Obligations - Non-Current Portion	7,727	5,475	7,235	5,508
Deferred tax liabilities	783	529	428	276
Total	24,623	19,790	22,148	20,531

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and unaudited summary financial statements for the six-month period ended 30 June 2024G

5.6.2.4.1 Employee Benefit Obligations

Table 49: Specific employees benefit obligations as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Management Information)
Balance as of 1 January	13,626	16,113	13,787	14,485
Current Service Cost	2,334	2,039	1,720	-
Finance Costs	443	390	786	-
Paid during the year / period	(594)	(1,524)	(1,975)	(1,067)
Written off during the year / period	-	(51)	-	1,330
Actuarial loss recorded during the year / period	1,070	(3,045)	247	-
Advance Payments	(766)	(135)	(79)	-
Balance as of end of year / period	16,113	13,787	14,485	14,748

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information

The Group grants end of service benefits to its employees taking into account the labor law applied in the Kingdom of Saudi Arabia and is calculated based on the actuarial study conducted in accordance with international financial reporting standards. The study is usually conducted at the end of the financial year.

The balance of employee benefit obligations decreased from SAR 16.1 million as of 31 December 2021G to SAR 13.8 million as of 31 December 2022G, driven by an actuarial loss of SAR 3.0 million recorded during the period, partially offset by an increase in the discount rate used from 2.0% to 4.6%.

The balance of employee benefit obligations increased from SAR 13.8 million as of 31 December 2022G to SAR 14.5 million as of 31 December 2023G, driven by an increase in the salary increase rate from 2.5% to 2.6% while the discount rate remained relatively stable at 4.6%.

The balance of employee benefit obligations increased from SAR 14.5 million as of 31 December 2023G to SAR 14.7 million as of 30 June 2024G, driven by a written-off balance during the period of SAR 1.3 million, partially offset by payments during the period of SAR 1.1 million.

5.6.2.4.2 Lease Obligations – Non-Current Portion

Table 50: The book value of lease obligations as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Management Information)
As of 1st of January	11,501	12,416	10,889	10,151
Additions during the year	3,138	3,685	6,030	2,994
Disposals during the year	-	(181)	(16)	-
Interest on operating leases	515	435	375	240
Payments during the year	(2,739)	(5,466)	(3,972)	(2,732)
Transferred to accrued expenses	-	-	(2,742)	-
Adjustments	-	-	(412)	39
As of the end of the year / period	12,416	10,889	10,151	10,702
Current portion	4,688	5,414	2,916	5,194
Non-current portion	7,727	5,475	7,235	5,508
Future payments related to lease contracts:				
Within one year	4,688	5,414	2,916	5,194
1 to 5 years	7,727	5,475	7,235	5,508
Total	12,416	10,889	10,151	10,702

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information

Table 51: Details of the book value of the lease contracts obligations as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	Type	Contract start date	Contract End Date	As of 31 December 2021G (Management Information)	As of 31 December 2022G (Management Information)	As of 31 December 2023G (Management Information)	As of 30 June 2024G (Management Information)
SIDC Ceramic Plant Land	Lands	February 2020G	October 2029	2,657	2,361	2,118	1,644
Red Sea Warehouse – Jeddah	Buildings and constructions Buildings	November 2014	November 2024GAD	361	367	1,377	1,377
SH Showroom City Star – Egypt	Buildings and constructions	March 2024G	June 2029AD	-	-	-	1,284
Riyadh Warehouse	Buildings and constructions	July 2021G	Jan-2025	584	300	1,166	906
Al Madinah Al Munawwarah Road Showroom – Jeddah	Buildings and constructions	June 2022G	June 2026AD	-	449	712	599
Other				8,813	7,412	4,777	4,892
Total				12,416	10,889	10,151	10,702

Source: Management Information

Lease obligations relate to showrooms, factories, buildings, offices, and warehouses.

The balance of lease obligations decreased from SAR 12.4 million as of 31 December 2021G to SAR 10.9 million as of 31 December 2022G, mainly due to payments made during the year of SAR 5.5 million, partially offset by the balance added during the year of SAR 3.7 million.

The balance of lease obligations decreased from SAR 10.9 million as of 31 December 2022G to SAR 10.2 million as of 31 December 2023G, mainly due to payments made during the year of SAR 4.0 million and transfer to accrued expenses of SAR 2.7 million. Partially offset by additions during the year of SAR 6.0 million.

The balance of lease obligations increased from SAR 10.2 million as of 31 December 2023G to SAR 10.7 million as of 30 June 2024G, mainly due to the balance added during the year of SAR 3.0 million, partially offset by the balance paid during the year of SAR 2.7 million.

5.6.2.4.3 Deferred tax liabilities

Deferred tax liabilities decreased from SAR 783,000 as of 31 December 2021G to SAR 529,000 as of 31 December 2022G, then to SAR 428,000 as of 31 December 2023G and then to SAR 276,000 as of 30 June 2024G, driven by the decline in the tax base during the period, in line with the profit and losses achieved by the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High).

5.6.2.5 Current liabilities

Table 52: Current liabilities as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Unaudited)
Zakat and income tax payable	7,534	5,631	6,016	4,015
Payables and other current liabilities	13,151	12,996	14,381	13,790
Lease obligations - current portion	4,688	5,414	2,916	5,194
Subscription Surplus	6,351	6,351	6,351	6,351
Credit Facilities	4,033	25,218	22,096	21,444
Trade payables	29,210	25,963	27,436	35,415
Total	64,967	81,573	79,195	86,210

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and unaudited summary financial statements for the six-month period ended 30 June 2024G

5.6.2.5.1 Zakat and income tax payable

Table 53: Zakat and income tax payable as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Unaudited)
Provision for Zakat	6,280	4,546	4,653	4,015
Provision for income tax	1,254	1,085	1,363	-
Total	7,534	5,631	6,016	4,015

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and unaudited summary financial statements for the six-month period ended 30 June 2024G

Zakat and income tax payable mainly relate to Zakat and income tax provisions recorded in accordance with the regulations of Zakat, Tax and Customs Authority of the Kingdom of Saudi Arabia and the Ministry of Finance of Arab Republic of Egypt.

The balance of Zakat and income tax payable amounted to SAR 7.5 million, SAR 5.6 million, SAR 6.0 million, and SAR 4.0 million as of 31 December 2021G, 31 December 2022G, 31 December 2023G, and 30 June 2024G, respectively.

5.6.2.5.2 Payables and other current liabilities

Table 54: Payables and other current liabilities as of 31 December 2021G, 2022G and 2023G and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)	As of 31 December 2023G (Audited)	As of 30 June 2024G (Management Information)
Accrued expenses	4,648	4,018	4,175	2,893
Payable remuneration of directors and related committees	357	1,102	1,129	1,299
Advance payments from customers	2,441	666	1,181	183
Contract obligations	2,586	1,825	1,977	2,027
VAT	432	418	633	688
Employees' dues	1,963	2,934	2,290	2,403
Other	725	2,033	2,995	4,298
Total	13,151	12,996	14,381	13,790

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and management information

Payables and other current liabilities remain stable at SAR 13.1 million as of 31 December 2021G and 31 December 2022G.

Payables and other current liabilities increased from SAR 13.0 million as of 31 December 2022G to SAR 14.4 million as of 31 December 2023G, due to an increase in the balance of other current liabilities by SAR 963,000, as a result of an increase in the balance of non-trade creditors by SAR 844,000 related to service providers. The increase also included advance payments from customers by SAR 515 thousand as a result of the increase in quantities sold during the period, and the value added tax due by SAR 215 thousand. It was partially offset by a decrease in accrued staff costs of SAR 644 thousand.

Payables and other current liabilities decreased from SAR 14.4 million as of 31 December 2023G to SAR 13.8 million as of 30 June 2024G, due to a decrease in accrued expenses by SAR 1.3 million, as a result of the reclassification of non-commercial creditors from the accrued expenses account to the other current liabilities account. Advance payments from customers decreased by SAR 998,000 as a result of lower volumes sold and sales recorded during the period. It was partially offset by an increase in the balance of other current liabilities by SAR 1.3 million as a result of an increase in non-trade creditors by SAR 933,000.

Accrued expenses

Accrued expenses mainly relate to leave allowance, employee tickets, adjustments with clients, advance payments and VAT.

The balance of accrued expenses decreased from SAR 4.7 million as of 31 December 2021G to SAR 4.0 million as of 31 December 2022G due to a decrease in the provision for employee leaves and tickets by SAR 730,000.

The balance of accrued expenses was relatively stable at SAR 4.1 million as of 31 December 2022G and 31 December 2023G.

The balance of accrued expenses decreased from SAR 4.2 million as of 31 December 2023G to SAR 2.9 million as of 30 June 2024G, mainly due to the reclassification of non-trade payables from accounting for them into accrued expenses.

Payable remuneration of directors and related committees

The payable remuneration of the members of the Board of Directors and the relevant committees relates to the compensation provided to the members of the Board of Directors and any committees associated with the Board.

The balance of payable remuneration of the members of the Board of Directors and the relevant committees increased from SAR 357 thousand as of 31 December 2021G to SAR 1.1 million as of 31 December 2022G, as a result of the auditor's application of the accounting standard for the offer applied in 2022G, which requires the presentation of all relevant figures for the parent company and its subsidiaries. This was not a requirement in 2021G, the year of comparison, and therefore the increase appeared and the determination of the amount of remuneration for the members of the committees of SAR 700 thousand.

The balance of payable remuneration for the members of the Board of Directors and the relevant committees was relatively stable at SAR 1.2 million as of 31 December 2022G, 2023G and 30 June 2024G.

Advance payments from customers

Advance payments from customers amounted to SAR 2.4 million, SAR 666,000, SAR 1.2 million, and SAR 183,000 as of 31 December 2021G, 31 December 2022G, 31 December 2023G, and 30 June 2024G, respectively.

Contract Obligations

Contract obligations relate to the amounts received in advance from customers of wholesale and retail distributors and projects based on supply contracts and obligations with them.

The balance of contract obligations decreased from SAR 2.6 million as of 31 December 2021G to SAR 1.8 million as of 31 December 2022G, driven by the supply of goods to customers.

The balance of contract obligations increased from SAR 1.8 million as of 31 December 2022G to SAR 2.0 million as of 31 December 2023G, driven by the receipt of advance payments from project clients.

The balance of contract obligations was relatively stable at SAR 2.0 million as of 31 December 2023G and 30 June 2024G.

VAT

The balance of VAT amounted to SAR 432 thousand, SAR 418 thousand, SAR 633 thousand, and SAR 688 thousand as of December 31, 2021G, December 31, 2022G, December 31, 2023G, and 30 June 2024G, respectively.

Employees' entitlements

The balance of employees' entitlements increased from SAR 2.0 million as of 31 December 2021G to SAR 2.9 million as of 31 December 2022G, driven by an increase in leave provision and employee tickets by SAR 441,000, payable collection commissions by SAR 183,000 and payable end-of-service balance by SAR 151,000.

The balance of employees' entitlements decreased from SAR 2.9 million as of 31 December 2022G to SAR 2.3 million as of 31 December 2023G, driven by a decrease in leave allowance and employee tickets by SAR 403,000 and in the balance of employees' entitlements to training by SAR 370,000.

The balance of employees' entitlements was relatively stable at SAR 2.3 million as of 31 December 2023G and 30 June 2024G.

Other

Other current liabilities relate mainly to non-trade credit balances, leases and provision for cargo transportation insurance.

The balance of other current liabilities increased from SAR 725,000 as of 31 December 2021G to SAR 2.0 million as of 31 December 2022G, driven by an increase in the balance of non-trade creditors by SAR 400,000 and the balance of rent due after the removal of the showroom by SAR 345,000.

The balance of other current liabilities increased from SAR 2.0 million as of 31 December 2022G to SAR 3.0 million as of 31 December 2023G, driven by an increase in the balance of non-trade creditors by SAR 844,000 in relation to capital expenditure suppliers.

The balance of other current liabilities increased from SAR 3.0 million as of 31 December 2023G to SAR 4.3 million as of 30 June 2024G, driven by an increase in the balance of non-trade creditors by SAR 933,000 and the balance of rent of the land and warehouse of Al-Khumra by SAR 750,000.

5.6.2.5.3 Subscription Surplus

The balance of the subscription surplus of SAR 6.4 million represents the amount due to the subscribers of the company who did not apply to banks to receive the surplus due to them after the completion of the allocation of shares since 1992.

5.6.2.5.4 Credit Facilities

The credit facility relates to the Global Marketing Company for Sleeping Systems Ltd. regarding a Murabaha sale agreement signed in financial year 2022G for the purchase and sale of securities with Derayah Financial Company ("Derayah"), where the value of the agreement amounted to SAR 20.0 million at an annual interest rate of 6.25%.

This amount was to be paid in Q2 financial year 2023G. Subsequently, during Q2 financial year 2023G, Global Marketing Company for Sleeping Systems Ltd. entered into a free margin trading agreement of SAR 21.5 million, at an annual interest rate of 9.0% (paid monthly), where the proceeds were used to repay the previous financing amount, and the remaining amount was deposited into the local securities fund used by the Group to finance the working capital requirements.

The balance of SAR 4.0 million as of 31 December 2021G and part of the balance as of 31 December 2022G (SAR 3.9 million) relates to credit facilities granted to the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) to finance the purchase of raw materials. The Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) obtained a court ruling in its favor in a case filed against the bank in the financial year 2022G, and based on the judgment, the company wrote off the remaining balance of the credit facility provision (SAR 3.9 million) and recorded it (as other income) under other income during the period.

5.6.2.5.5 Trade payables

Table 55: Ages of trade payables as of 30 June 2024G

SAR in 000s	0-30 Day	31-60 Day	61-90 Day	91-120 Day	121-180 Day	181-365 Day	>365 Day	30 June 2024G (Management Information)
Total	7,109	9,291	4,200	3,646	3,220	2,699	5,251	35,415

Source: Management Information

Trade payables

Trade payables decreased from SAR 29.2 million as of 31 December 2021G to SAR 26.0 million as of 31 December 2022G, due to a decrease in purchases during the period and the adjustments of the outstanding balance of one of the largest suppliers.

Trade payables increased from SAR 26.0 million as of 31 December 2022G to SAR 27.4 million as of 31 December 2023G, mainly due to an increase in debts owed to the Royal Commission for Jubail and Yanbu by SAR 1.2 million as a result of late payment of the rent of the SIDC Ceramic Plant.

Trade payables increased from SAR 27.4 million as of 31 December 2023G to SAR 35.4 million as of 30 June 2024G, due to increased purchases during the period, and an increase in overdue payables.

5.6.3 Consolidated Statement of Cash Flows

Table 56: Consolidated statement of cash flows for the financial years ended 31 December 2021G, 2022G and 2023G and the six-month period ended 30 June 2024G

SAR in 000s	Financial Year 2021G (Audited)	Financial Year 2022G (Audited)	Financial Year 2023G (Audited)	The six-month period ending on 30 June 2024G (Unaudited)
Cash flows from operating activities				
Loss for the year before Zakat and income tax	(20,371)	(37,580)	(70,811)	(7,346)
Modifications to reconcile net loss to net cash flow from operating activities:				
Amortization of right-of-use assets	4,163	5,579	4,109	1,596
Depreciation of property, machinery and equipment	10,262	10,547	11,713	-
Depreciation and Amortization	-	-	-	3,828
Amortization of intangible assets	332	93	65	-
Impairment of property, machinery and equipment	-	3,106	16,367	-
Profits from the sale of property, machinery and equipment	-	(22)	(131)	(271)
Impairment of goodwill	-	-	30,000	-
Unrealized loss/ (profit) on financial assets at fair value through profit or loss	(613)	(990)	302	546
Realized (profits) from financial assets at fair value through profit or loss	(440)	-	(2,224)	(4,804)
Amortization of prepaid operating lease	151	110	-	-
Stock impairment	5,878	6,855	8,845	5,557
(Reversal of provision)/ Impairment of trade receivables	1,499	1,422	(514)	-
Impairment of other current assets	1,084	-	261	-
Impairment of assets available for sale	-	-	876	-
Written off of employee benefit obligations	-	(51)	-	-
Recognized of employee benefit obligations	2,777	2,428	2,505	1,330
Financing Costs	-	915	1,964	1,192
Cancellation of Credit Facilities	-	-	(3,943)	-
Lease contracts adjustments	-	-	(538)	-
Changes in operating assets and liabilities				
Trade receivables	(3,188)	2,048	(514)	(3,171)

SAR in 000s	Financial Year 2021G (Audited)	Financial Year 2022G (Audited)	Financial Year 2023G (Audited)	The six-month period ending on 30 June 2024G (Unaudited)
Stock	(4,118)	1,301	(3,531)	(3,546)
Prepaid expenses and other debit balances	-	-	-	(4,951)
Other current assets	2,922	(237)	365	-
Trade payables	7,337	(3,247)	1,473	7,979
Deferred tax liabilities	76	(254)	(101)	(152)
Payables and other current liabilities	(768)	(155)	(1,357)	(591)
Paid Finance Costs	-	-	(2,243)	-
Cash (used in) / generated from operating activities	6,982	(8,131)	(7,062)	(2,802)
Zakat and income tax paid	(4,735)	(1,957)	(1,684)	(2,430)
Employee Benefit Liabilities Paid	(1,360)	(1,659)	(2,054)	(1,067)
Net cash (used in) / generated from operating activities	888	(11,748)	(10,800)	(6,300)
Cash flows from investment activities				
Purchase of property, machinery and equipment	(4,189)	(2,514)	(4,593)	(1,742)
Proceeds from disposals of property, machinery and equipment	-	32	219	280
Net change in financial assets at fair value	832	32,088	12,904	12,056
Net cash generated from/ (used in) investing activities	(3,358)	29,606	8,530	10,594
Cash flows from financing activities				
Received of Bank Facilities	-	-	1,500	-
Lease Obligations Paid	(2,739)	(5,466)	(3,972)	(1,985)
Net cash used in financing activities	(2,739)	(5,466)	(2,472)	(1,985)
Net change in cash and cash equivalents	(5,209)	12,392	(4,742)	2,308
Cash and cash equivalents at the beginning of the year / period	16,981	11,820	17,252	7,167
Net Foreign currency translation differences	48	(6,960)	(5,343)	(5,614)
Cash and cash equivalents at the end of the year / period	11,820	17,252	7,167	3,861
Top Non-Cash Transactions				
Transfer from change in fair value of investments reserve to accumulated losses	-	-	132,900	-
Repayment of outstanding credit facilities through finance	-	-	20,000	652
Unrealized profits / (losses) on financial assets at FVOCI	16,883	(14,642)	6,293	(3,149)
Additions to right-of-use assets and lease obligations	-	3,685	6,030	-
Transfer from lease obligations to accrued expenses	-	-	2,742	-
Reclassification of realized profits from financial assets at FVOCI to accumulated losses	2,208	23,049	2,880	-
Purchase of financial assets at FVOCI through credit facilities	-	20,000	-	-
Transfers from property, machinery and equipment to assets available for sale	-	876	-	-

Source: Audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and unaudited summary financial statements for the six-month period ended 30 June 2024G

Net cash (used in) / generated from operating activities

Net cash flows from operating activities decreased from SAR 888,000 in financial year 2021G to net cash flows used in operating activities of SAR 11.7 million in financial year 2022G, mainly due to the loss before Zakat and income tax for financial year 2022G of SAR 37.6 million, compared to the loss before Zakat and income tax for financial year 2021G of SAR 20.4 million, in addition to a decrease in trade payables. This was partially offset by a decrease in trade receivables balances and stock.

Net cash flows used in operating activities decreased to SAR 10.8 million in financial year 2023G, mainly due to the increase in adjustments to reconcile net loss to net cash flow from operating activities, especially from the decrease in goodwill value by SAR 30.0 million and the decrease in the value of machinery, property and equipment by SAR 13.3 million, despite the increase in net loss recorded during the period. This was partially offset by an increase in net losses of SAR 33.2 million.

Net cash flows used in operating activities amounted to SAR 6.3 million in the six-month period ended 30 June 2024G, as a result of net losses of SAR 7.3 million and an increase in other current assets, with slight compensation from an increase in accounts payable during the period.

Net cash generated from/ (used in) investing activities

Net cash flows used in investment activities increased from net cash used in investment activities, which amounted to SAR 3.4 million in financial year 2021G, to net cash flows resulting from investment activities, which amounted to SAR 29.6 million in financial year 2022G, as a result of cash flows received from net changes in financial assets at fair value of SAR 32.1 million. Net cash from investment activities decreased to SAR 8.5 million in financial year 2023G, mainly due to a decrease in net changes recorded in financial assets, as well as an increase in additions to property, machinery and equipment.

Net cash flows resulting from investment activities amounted to SAR 10.6 million in the six-month period ended 30 June 2024G, as a result of changes of SAR 12.1 million in financial assets.

Net cash used in financing activities

Net cash flows used in financing activities during the period in line with lease liability payments amounted to SAR 2.7 million, SAR 5.5 million, SAR 4.0 million and SAR 2.0 million during financial years 2021G, 2022G and 2023G and the six-month period ended 30 June 2024G, respectively. This was partially offset by financing from credit facilities totaling SAR 1.5 million in financial year 2023G.

5.6.4 Saudi Industrial Development Co. – (SIDC) – Separate Financial Statements

The financial statements summarized below belong to the separate Saudi Industrial Development Co. (SIDC) and have been presented separately since SIDC Ceramic Plant “Casavia” has been registered as a branch of the company where the results of this branch contribute substantially to the results of the Group.

5.6.4.1 Statement of Profit or Loss and Other Comprehensive Income

Table 57: Statement of profit and loss and other comprehensive income for the financial years ended 31 December 2021G, 2022G, 2023G and the six-month periods ended 30 June 2023G and 2024G

SAR in 000s	Financial Year 2021G (Audited)	Financial Year 2022G (Management Information)	Financial Year 2023G (Management Information)	Annual change 2021G - 2022G	Annual change 2022G - 2023G	Compound annual growth rate 2021G – 2023G	The six-month period ending on 30-Jun-2023G (Management Information)	The six-month period ending on 30 June 2024G (Management Information)	Percentage change for the period 2023G AD – 2024GAD
Sales	13,352	12,736	11,875	(4.6%)	(6.8%)	(5.7%)	7,105	3,778	(46.8%)
Cost of Sales	(15,223)	(20,429)	(19,581)	34.2%	(4.2%)	13.4%	(11,791)	(3,291)	(72.1%)
Gross profit	(1,871)	(7,693)	(7,706)	311.2%	0.2%	102.9%	(4,686)	487	(110.4%)
Selling and Distribution Expenses	(2,438)	(2,135)	(1,935)	(12.4%)	(9.4%)	(10.9%)	(944)	(646)	(31.6%)
General and administrative expenses	(15,809)	(17,352)	(16,514)	9.8%	(4.8%)	2.2%	(8,559)	(7,036)	(17.8%)
Impairment of current assets	(4,977)	(4,906)	(7,292)	(1.4%)	48.6%	21.0%	(1,801)	(5,007)	178.0%
Impairment of goodwill	-	-	(30,000)	N/A	N/A	N/A	-	-	N/A
Impairment of property, machinery and equipment	-	(3,106)	(16,367)	N/A	426.9%	N/A	(1,619)	-	(100.0%)
ECLs from related parties	-	278	-	N/A	(100.0%)	N/A	-	-	N/A
Profits realized from financial assets at fair value through profit or loss	440	-	2,224	(100.0%)	N/A	124.8%	2,224	325	(85.4%)
Unrealized (loss)/ gain on financial assets at fair value through profit or loss	613	992	(1,350)	61.8%	(236.1%)	N/A	(1,457)	(253)	(82.6%)

SAR in 000s	Financial Year 2021G (Audited)	Financial Year 2022G (Management Information)	Financial Year 2023G (Management Information)	Annual change 2021G - 2022G	Annual change 2022G - 2023G	Compound annual growth rate 2021G - 2023G	The six-month period ending on 30-June-2023G (Management Information)	The six-month period ending on 30 June 2024G (Management Information)	Percentage change for the period 2023G AD - 2024GAD
Company's share in subsidiaries	(4,012)	(9,552)	1,121	138.1%	(111.7%)	N/A	4,841	2,573	(46.8%)
Dividends from financial assets through other comprehensive income	33	118	25	257.6%	(78.8%)	(13.0%)	6	2	(66.7%)
Loss from operation	(28,021)	(43,356)	(77,794)	54.7%	79.4%	66.6%	(11,995)	(9,555)	(20.3%)
Financing Costs	-	(153)	(121)	N/A	(20.9%)	N/A	(76)	(70)	(7.9%)
Other income	4,456	4,738	3,609	6.3%	(23.8%)	(10.0%)	1,758	980	(44.3%)
Zakat during the year/ reverse	(930)	-	(132)	(100.0%)	N/A	(62.3%)	(20)	-	(100.0%)
Net Loss/ Income	(24,495)	(38,771)	(74,438)	58.3%	92.0%	74.3%	(10,333)	(8,645)	(16.3%)

Source: Audited financial statements for the financial year ended 31 December 2021G and management information

Table 58: Key performance indicators for the financial years ended 31 December 2021G, 2022G and 2023G and the six-month periods ended 30 June 2023G and 2024G

Key Performance Indicators	Financial Year 2021G (Management Information)	Financial Year 2022G (Management Information)	Financial Year 2023G (Management Information)	Annual change 2021G - 2022G	Annual change 2022G - 2023G	Compound annual growth rate 2021G - 2023G	The six-month period ending on 30 June 2023G (Management Information)	The six-month period ending on 30 June 2024G (Management Information)	Percentage change for the period 2023G - 2024G
As a percentage of revenue									
Gross profit	(14.0%)	(60.4%)	(64.9%)	(46.4)	(4.5)	(50.9)	(66.0%)	12.9%	78.8
Selling and Distribution Expenses	18.3%	16.8%	16.3%	(1.5)	(0.5)	(2.0)	13.3%	17.1%	3.8
General and Administrative Expenses	(118.4%)	(136.2%)	(139.1%)	(17.8)	(2.8)	(20.7)	(120.5%)	(186.2%)	(65.8)
Net Loss	(183.5%)	(304.4%)	(626.8%)	(121.0)	(322.4)	(443.4)	(145.4%)	(228.8%)	(83.4)

Source: Management Information

Sales

Sales consist of (i) ceramic sales (sanitary kits) (95.9% of total revenue during the historical period), and (ii) acrylic sales (4.1% of total).

Sales decreased by 4.6% from SAR 13.4 million in financial year 2021G to SAR 12.7 million in financial year 2022G, as a result of the decline in acrylic sales by SAR 567,000, and ceramic sales (sanitary kits) by SAR 50,000, due to the decrease in quantities sold from 296,000 units in financial year 2021G to 265,000 units in financial year 2022G as a result of decreased demand after changing customer preferences in the installation of sanitary materials and dumping Chinese and Indian products in the local markets, which led to a decline in sales during the historical period. This led to the sale of products at significantly low prices, and less than the cost to maintain market share and presence in the market. It should be noted that discounts as a percentage of sales amounted to 53.3% in financial year 2022G.

Sales decreased by 6.8% from SAR 12.7 million in financial year 2022G to SAR 11.9 million in financial year 2023G, as a result of a SAR 1.0 million decline in ceramics sales and the continued dumping of Chinese and Indian products into local markets. Discounts as a percentage of sales reached 53.3% in financial year 2023G.

Sales decreased by 46.8% from SAR 7.1 million in the six-month period ended 30 June 2023G to SAR 3.8 million in the six-month period ended 30 June 2024G, as a result of the decline in sales of ceramics (sanitary kits) by SAR 3.2 million, the continued dumping of Chinese and Indian products in local markets, and the decrease in discounts as a percentage of sales from 56.8% in the six-month period ended 30 June 2023G to 44.9% in the six-month period ended 30 June 2024G.

Cost of Sales

The cost of sales consisted mainly of (i) personnel costs (39.4% of the total during the audit period), (ii) consumables and spare parts (31.5% of the total), (iii) depreciation on property and equipment (15.2% of the total), and others.

The cost of sales increased by 34.2% from SAR 15.2 million in financial year 2021G to 20.4 million Saudi riyals in financial year 2022G, as a result of an increase in employee costs by SAR 2.3 million resulting from an increase in the average monthly salary of each employee from 3,000 Saudi riyals to SAR 4,000, and an increase in raw materials and spare parts by SAR 2.2 million resulting from an increase in raw materials prices.

The cost of sales decreased by 4.2% from SAR 20.4 million in financial year 2022G to SAR 19.6 million in financial year 2023G, due to a decrease in raw materials and spare parts of SAR 1.6 million resulting from a decrease in sales during the period in line with the shift in demand from customers. This was partially offset by slightly increased depreciation of property, machinery and equipment by SAR 864 thousand in respect of new manufacturing lines acquired during the period.

The cost of sales decreased by 72.1% from SAR 11.8 million in the six-month period ended 30 June 2023G to SAR 3.3 million in the six-month period ended 30 June 2024G, as a result of the decrease in sales achieved during the period.

Gross profit

Gross profit decreased by 311.2% from SAR -1.9 million in financial year 2021G to SAR -7.7 million in financial year 2022G due to (1) an increase in the cost of sales by 34.2% from SAR 15.2 million in financial year 2021G to SAR 20.4 million in financial year 2022G due to an increase in employee costs by SAR 2.3 million and raw materials and spare parts by SAR 2.2 million and (2) a decrease in revenues by 4.6% from SAR 13.4 million in financial year 2021G to SAR 12.7 million in financial year 2022G, as a result of a decline in acrylic sales by SAR 567,000, and ceramic sales (sanitary kits) by SAR 50,000. Gross profit margin decreased from -14.0% in financial year 2021G to -60.4% in financial year 2022G due to increased cost of sales and decreased sales.

Gross profit stabilized at -7.7 million Saudi riyals for financial year 2022G and financial year 2023G, which consisted of a decrease in sales by 6.8% from 12.7 million Saudi riyals in financial year 2022G to 11.9 million Saudi riyals in financial year 2023G, as a result of a decrease in sales of ceramics (sanitary kits) by 1.0 million Saudi riyals and a decrease in the cost of sales by 4.2% from 20.4 million Saudi riyals in financial year 2022G to 19.6 million Saudi riyals in financial year 2023G, due to a decrease in raw materials and spare parts by 1.6 million Saudi riyals. The gross profit margin decreased from -60.4% in financial year 2022G to -64.9% in financial year 2023G because the decrease in sales was more than the decrease in the cost of sales.

Gross profit increased by 110.4% from -4.7 million Saudi riyals in the six-month period ended 30 June 2023G to SAR 487 thousand in the six-month period ended 30 June 2024G due to the amendment of the sales policy by the end of 2023G, which had an impact on the sale prices so that the sale prices were raised to reduce the loss of the profit margin, in addition to a change in the sale policy that the sale prices are the delivery of the factory land, provided that customers bear the cost of transporting and delivering the products to their sites at their expense, in addition to the decrease in asset depreciation expenses as a result of recording a decline in the value of assets during the year 2023G.

Selling and Distribution Expenses

Selling and distribution expenses consisted mainly of (1) staff costs (35.1% of the total during the audit period), (2) shipping expenses (30.3% of the total), (3) rent (18.5% of the total), and others.

Sales and distribution expenses decreased by 12.4% from 2.4 million Saudi riyals in financial year 2021G to 2.1 million Saudi riyals in financial year 2022G, due to a decrease in sales commissions by SAR 247 thousand due to a decrease in sales.

Selling and distribution expenses decreased by 9.4% from SAR 2.1 million in financial year 2022G to SAR 1.9 million in financial year 2023G, as a result of a decrease in shipping expenses by SAR 700,000, mainly due to the increase in shipping expenses recorded in financial year 2021G and 2022G in light of the shortage of supply chains encountered during the Corona pandemic.

Selling and distribution expenses decreased by 31.6% from SAR 944,000 in the six-month period ended 30 June 2023G to SAR 646,000 in the six-month period ended 30 June 2024G, as a result of a decrease in shipping expenses by SAR 224,000 related to a change in the sale policy that the sale prices are the delivery of the factory land, provided that customers bear the cost of transporting and delivering the products to their sites at their expense.

General and Administrative Expenses

General and administrative expenses consisted mainly of (i) staff costs (52.2% of the total during the audit period), (ii) member of board of directors' remuneration (14.4% of the total), and (iii) professional and consulting fees (6.1% of the total), and others.

General and administrative expenses increased by 9.8% from 15.8 million Saudi riyals in financial year 2021G to 17.4 million Saudi riyals in financial year 2022G, due to an increase in other expenses related to an increase in amortization expenses of intangible assets by SAR 494 thousand, an increase in communication expenses and benefits by SAR 409 thousand, and an increase in the remuneration of the Board of Directors by 1.6 million Saudi riyals due to the auditor's application of the accounting standard for the offer applied in 2022G, which requires the presentation of all relevant figures for the parent company and its subsidiaries. This was not a requirement in 2021G, the year of comparison, and therefore the increase appeared and the determination of the remuneration amounts of committee members amounted to

SAR 700 thousand, with partial compensation through a decrease in employee costs by SAR 2.1 million due to the decrease in the number of employees from 54 to 46.

General and administrative expenses decreased by 4.8% from SAR 17.4 million in financial year 2022G to SAR 16.5 million in financial year 2023G, as a result of a decrease in staff costs by SAR 690 thousand in line with the decrease in average monthly staff costs from SAR 15 thousand to SAR 12 thousand due to the recruitment of 9 new employees in SIDC Ceramic Plant “Casavia” with lower average salaries, and the departure of two employees from the company’s headquarters who receive higher average salaries compared to SIDC Ceramic Plant and a decrease in board remuneration by SAR 207 thousand.

General and administrative expenses decreased by 17.8% from SAR 8.6 million in the six-month period ended 30 June 2023G to SAR 7.0 million in the same period of 2024G, as a result of a decrease in staff costs by SAR 683 thousand in line with the decrease in the number of employees from 54 to 49, and a decrease in the consumption of property, machinery and equipment by SAR 329 thousand due to the increase in consumption recorded in financial year 2023G as a result of the acquisition of new manufacturing lines.

Impairment of current assets

The impairment of current assets related to the stock of the SIDC Ceramic Plant amounted to SAR 5.0 million in the financial years 2021G and 2022G and then increased to SAR 7.3 million in the financial year 2023G as a result of the impairment of the stock of the old SIDC Ceramic Plant of SAR 7.0 million.

The impairment of current assets increased by 178.0% from SAR 1.8 million in the six-month period ended 30 June 2023G to SAR 5.0 million in the six-month period ended 30 June 2024G.

Impairment of Goodwill

The impairment of goodwill increased from zero in financial year 2021G and financial year 2022G to SAR 30.0 million in financial year 2023G as a result of the impairment of goodwill of the Global Marketing Company for Sleeping Systems Ltd. by SAR 30.0 million.

Impairment of Property, Machinery and Equipment

The impairment of property, machinery and equipment increased from zero in financial year 2021G to SAR 3.1 million in financial year 2022G as a result of a SAR 3.1 million impairment of old property, machinery and equipment that was considered non-sales generating for the SIDC Ceramic Plant. Then, the impairment of property, machinery and equipment rose from SAR 3.1 million in financial year 2022G to SAR 16.4 million in financial year 2023G related to the SIDC Ceramic Plant.

The impairment of property, machinery and equipment decreased from SAR 1.6 million in the six-month period ended 30 June 2023G to zero in the six-month period ended 30 June 2024G due to the absence of any impairment in the six-month period ended 30 June 2024G.

Realized Profits on Financial Assets at Fair Value Through Profit or Loss from Investments

Profits from financial assets at fair value through profit or loss were realized from investments in the shares of banks and other joint stock companies listed in the Saudi stock markets for the purpose of trading. These profits amounted to SAR 440,000, SAR 2.2 million, SAR 2.2 million and SAR 325,000 in financial years 2021G, 2023G, the six-month period ended 30 June 2023G, and the six-month period ended 30 June 2024G, respectively.

Unrealized loss/ profit on financial assets at fair value through profit or loss

The unrealized loss/ profit on financial assets at fair value through profit or loss amounted to SAR 613,000, SAR 992,000, SAR 1.4 million, and SAR 253,000 in financial years 2021G, 2022G, 2023G, and the six-month period ended 30 June 2023G and 2024G, respectively.

Company's share in subsidiaries

The company's share in subsidiaries is affected by the results of SIDC Commercial Investment Company, SIDC Projects Investment Company, the Global Marketing Company for Sleeping Systems Ltd., and the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High). The company's share in the results of the subsidiaries amounted to -4.0 million Saudi riyals, -9.6 million Saudi riyals, and 1.1 million Saudi riyals in the financial years of 2021G, 2022G, and 2023G, respectively, and 4.8 million Saudi riyals and 2.6 million Saudi riyals in the six-month periods ended 30 June 2023G and 2024G, respectively.

Dividends from financial assets through other comprehensive income

Dividends from financial assets through other comprehensive income amounted to SAR 33,000, SAR 118,000, and SAR 25,000 recorded in financial years 2021G, 2022G and 2023G, respectively, and SAR 6,000 and SAR 2,000 in the six-month period ended 30 June 2023G and 2024G, respectively.

Financing Costs

Financing costs related to lease liabilities amounted to SAR 153,000 and SAR 121,000 in financial years 2022G and 2023G, respectively, and SAR 76,000 and SAR 70,000 in the six-month period ended 30 June 2023G and 2024G, respectively. These costs have been driven by changes in right-of-use assets and lease liabilities paid.

Other income

Other income consisted of (1) bad debt collection and scrap sales (42.0% of the total during the audit period), (2) income from rent received from the Global Marketing Company for Sleeping Systems Ltd. in exchange for renting the land to them (1.5 million Saudi riyals) (38.1% of the total), and other income.

Other income increased by 6.3% from SAR 4.5 million in financial year 2021G to SAR 4.7 million in financial year 2022G, due to an increase of SAR 177,000 in bad debt collection and scrap sales, among others, of SAR 103,000.

Other income decreased by 23.8% from SAR 4.7 million in financial year 2022G to SAR 3.6 million in financial year 2023G, due to a decrease in bad debt collection and scrap sales during financial year 2023G compared to financial year 2022G by SAR 1.6 million.

Other income decreased by 44.3% from SAR 1.8 million in the six-month period ended 30 June 2023G to SAR 980,000 in the six-month period ended 30 June 2024G, due to a decrease of SAR 601,000 in bad debt collection and scrap sales.

Zakat during the year

During the year, Zakat amounted to SAR 930 thousand in the financial year 2021G, SAR132 thousand in the financial year 2023G, and SAR 20 thousand in the six-month period ending on 30 June 2023G.

Net Loss

The net loss increased by 58.3% from SAR 24.5 million in financial year 2021G to SAR 38.8 million in financial year 2022G, due to the increase in the total loss (SAR 7.7 million in financial year 2022G compared to SAR 1.9 million in financial year 2021G), in addition to (1) an increase in provisions by SAR 2.8 million and general and administrative expenses by SAR 1.5 million, and (2) an increase in losses resulting from the company's share in the results of subsidiaries.

The net loss increased by 92.0% from SAR 38.8 million in financial year 2022G to SAR 74.4 million in financial year 2023G, mainly as a result of impairment of goodwill related to the Global Marketing Company for Sleeping Systems Ltd. by SAR 30 million, as well as an impairment of property, equipment and stock associated with the SIDC Ceramic Plant by SAR 23.7 million in provisions, in addition to an increase in the total loss.

Net loss decreased by 16.3% from SAR 10.3 million in the six-month period ended 30 June 2023G to SAR 8.6 million in the six-month period ended 30 June 2024G, mainly due to an overall profit of SAR 487,000 during the period.

5.6.4.2 Statement of Financial Position

Table 59: : Statement of Financial Position as of 31 December 2021G, 2022G, 2023G, and 30 June 2024G

(SAR in 000s)	as of 31 December 2021G (Audited)	as of 31 December 2022G, (Management Information)	as of 31 December 2023G, (Management Information)	as of 30 June 2024G, (Management Information)
Assets				
Current Assets				
Cash and Cash Equivalent	138	443	1,225	930
Trade Receivables	1,769	582	220	62
Other Current Assets	821	1,574	1,072	2,816
Financial Assets at Fair Value Through Profit or Loss	3,935	9,250	1,107	-
Assets held for sale	-	-	-	-
Due from related parties	2,561	5,950	-	(3,976)
Inventory	14,983	11,533	8,677	10,118
Total Current Assets	24,206	29,332	12,301	9,950
Non-current Assets				
Property, Plant, and Equipment	44,620	39,310	21,674	21,190

(SAR in 000s)	as of 31 December 2021G (Audited)	as of 31 December 2022G, (Management Information)	as of 31 December 2023G, (Management Information)	as of 30 June 2024G, (Management Information)
Intangible Assets	37	29	22	19
Advance Payments on Operating Lease Contracts	-	-	-	-
Right-of-use Assets	3,946	3,613	2,739	2,081
Financial Assets at Fair Value Through Profit or Loss	5,250	4,633	1,786	1,786
Investments in Subsidiaries	157,492	88,072	97,732	90,961
Goodwill	-	58,443	28,443	28,443
Total Non-current Assets	211,345	194,100	152,396	144,480
Total	235,551	223,432	164,697	154,430
Equity and Liabilities				
Equity				
Capital	400,000	400,000	400,000	400,000
Statutory Reserve	-	-	-	-
Accumulated Losses	(47,480)	(63,203)	(267,662)	(276,307)
Remeasurement Reserve for Defined Benefit Liabilities	(42)	2,856	2,561	2,561
Reserve for Changes in Fair Value of Investments	(116,224)	(130,866)	8,327	5,178
Foreign Currency Translation Reserve	(32,242)	(41,878)	(45,147)	(51,622)
Total Equity	204,012	166,909	98,079	79,810
Liabilities				
Current Liabilities				
Trade Payables	7,726	8,282	9,416	10,256
Accrued Expenses and Other Current Liabilities	5,660	4,524	4,225	3,860
Credit Facilities	-	-	-	-
Current Portion of Lease Liabilities	296	910	517	403
Subscription Surplus	6,351	6,351	6,351	6,351
Due to Related Parties	1,041	28,894	38,812	47,505
Accrued Zakat and Income Tax	586	372	470	19
Total Current Liabilities	21,660	49,333	59,791	68,394
Non-current Liabilities				
Non-current Portion of Lease Liabilities	4,170	2,761	2,140	1,510
Deferred Tax Liabilities	-	-	-	-
Employee Benefits Liabilities	5,708	4,430	4,688	4,716
Total Non-current Liabilities	9,878	7,191	6,828	6,226
Total Liabilities	31,539	56,524	66,619	74,620
Total Equity and Liabilities	235,551	223,433	164,698	154,430

Source: Audited Financial Statements for the Financial Year ended 31 December 2021G, and Management Information.

Non-current Assets

Non-current Assets amounted to SAR 144.5 million as of 30 June 2024G, comprising investments in subsidiaries (SAR 91.0 million), goodwill (SAR 28.4 million) related to Global Marketing Company for Sleeping Systems, property, plant and equipment (SAR 21.2 million), right-of-use assets (SAR 2.1 million), financial assets at fair value through other comprehensive income (SAR 1.8 million), and intangible assets (SAR 19 thousand).

Non-Current Assets decreased from SAR 211.3 million as of 31 December 2021G, to SAR 194.1 million as of 31 December 2022G, due to a SAR 69.4 million decrease in investments in subsidiaries, resulting from (1) SAR 19.0 million dividends received during the year and the reclassification of goodwill from investments in subsidiaries to goodwill, (2) a SAR 5.3 million decrease in property, plant and equipment, mainly attributable to depreciation of SAR 2.7 million in SIDC Ceramic Plant's - CASAVIA property, plant and equipment, primarily related to plant and equipment SAR 1.6 million), in addition to an impairment allowance for plant and equipment of SAR 3.1 million. This was partially offset by an increase in goodwill of SAR 58.4 million due to being reclassified under a separate item away from investments in subsidiaries, compared to the classification as of 31 December 2021.

Non-Current Assets decreased from SAR 194.1 million as of 31 December 2022G to SAR 152.4 million as of 31 December 2023G due to (1) a SAR 30.0 million decrease in goodwill related to an impairment provision determined by a third party in the financial year 2023G, (2) a SAR 17.6 million decrease in property and equipment due to an additional impairment provision for SIDC Ceramic Plant's - CASAVIA older property and equipment at deemed non-revenue generating, in addition to depreciation provisions totaling SAR 1.6 million for buildings and SAR 1.6 million for machinery and equipment. These provisions exceeded the additions during the period by SAR 2.8 million, which were used to purchase new lines at SIDC Ceramic Plant - CASAVIA. This decrease was partially offset by a SAR 9.7 million increase in investments in subsidiaries due to an increase in net income generated from these subsidiaries.

Non-current assets decreased from SAR 152.4 million as of 31 December 2023G, to SAR 144.5 million as of 30 June 2024G, mainly due to a decrease in investments in subsidiaries by SAR 6.8 million resulting from an increase in net losses from these subsidiaries.

Current Assets

Current Assets amounted to SAR 10.0 million as of 30 June 2024G, including inventory (SAR 10.1 million), other current assets (SAR 2.8 million), cash and cash equivalents (SAR 930 thousand), trade receivables (SAR 62 thousand), and due from related parties (SAR - 4.0 million).

Current Assets increased from SAR 24.2 million as of 31 December 2021G, to SAR 29.3 million as of 31 December 2022G, mainly due to an SAR 5.3 million increase in financial assets at fair value through profit or loss and SAR 3.4 million due from related parties. Inventory also decreased by SAR 3.5 million due to a provision for obsolete and slow-moving inventory amounting to SAR 4.9 million against old inventory of SIDC Ceramic Plant - CASAVIA, compared to no provision as of 31 December 2021, where the provision was fully written off during the period. This was partially offset by a SAR 1.2 million decrease in trade receivables related to settlement of balances.

Current Assets decreased from SAR 29.3 million as of 31 December 2022G, to SAR 12.3 million as of 31 December 2023G, mainly due to a decrease in inventory by SAR 2.9 million resulting from SAR 11.9 million write-off recorded in financial year 2023G, partially offset by an increase in finished goods and accessories by SAR 4.9 million. It shall be noted that during financial year 2023G, SAR 7.0 million provision was added to SAR 4.9 million opening balance, totaling SAR 11.9 million, which was charged to the Statement of Income. However, SAR 11.9 million entire provision was written off from the Statement of Financial Position, reducing both the inventory balance and the provision by this amount. Additionally, financial assets at fair value through profit or loss decreased by SAR 8.1 million, and due from related parties decreased by SAR 6.0 million due to full settlement of the balance.

Current Assets decreased from SAR 12.3 million as of 31 December 2023G, to SAR 10.0 million as of 30 June 2024G, mainly due to an increase in other current assets by SAR 1.7 million related to SAR 767 thousand prepaid expenses and SAR 600 thousand advances to suppliers. Additionally, inventory increased by SAR 1.4 million due to the provision for obsolete and slow-moving inventory decrease, resulting from SAR 6.9 million provision added during the period, partially offset by a decrease in full lower productivity by SAR 5.9 million.

Equity

Total equity amounted to SAR 79.8 million as of 30 June 2024G, comprising (1) share capital (SAR 400.0 million), (2) remeasurement reserve for defined benefit liabilities (SAR 2.6 million), and (3) fair value reserve for investments (SAR 5.2 million), partially offset by (4) accumulated losses (SAR - 276.3 million), and (5) foreign currency translation reserve (SAR - 51.6 million).

Total equity decreased from SAR 204.0 million as of 31 December 2021G, to SAR 166.9 million as of 31 December 2022G, due to (1) an increase in accumulated losses by SAR 15.7 million, and (2) a SAR 14.6 million decrease in the reserve for changes in fair value of investments related to financial assets at fair value through other comprehensive income.

Total equity decreased to SAR 98.1 million as of 31 December 2023G, mainly due to an increase in accumulated losses by SAR 204.5 million, related to the conversion of SAR 132.9 million from the reserve for changes in fair value of investments (in Arabian Industrial Fibers Co. "Ibn Rushd") to accumulated losses in accordance with International Accounting Standards, in addition to the net loss recorded during the period. This was partially offset by an increase in the reserve for changes in fair value of investments of SAR 139.2 million, resulting from the conversion of SAR 132.9 million to accumulated losses.

Total equity decreased to SAR 79.8 million as of 30 June 2024G, due to (1) an SAR 8.6 million increase in accumulated losses resulting from SAR 8.6 million net loss recorded during the period, (2) an SAR 6.5 million increase in the foreign currency translation reserve, and (3) a SAR 3.1 million decrease in the reserve for changes in fair value of investments.

Current Liabilities

Current Liabilities amounted to SAR 68.4 million as of 30 June 2024G, included (1) due to related parties (SAR 47.5 million), (2) trade payables (SAR 10.3 million), (3) subscription surplus (SAR 6.4 million), (4) accrued expenses and other current liabilities (SAR 3.9 million), in addition to (5) current portion of lease liabilities (SAR 403 thousand) and (6) zakat and taxes payable (SAR 19 thousand).

Current Liabilities increased from SAR 21.7 million as of 31 December 2021G, to SAR 49.3 million as of 31 December 2022G, due to a SAR 27.9 million increase in due to related parties, which relates to payments made by Global Marketing Company for Sleeping Systems on behalf of the Parent Company. This was partially offset by a SAR 1.1 million decrease in trade payables.

Current Liabilities increased from SAR 49.3 million as of 31 December 2022G, to SAR 59.8 million as of 31 December 2023G, due to a SAR 1.1 million increase in trade receivables, related to an increase in the balance due to the Royal Commission in Jubail and Yanbu regarding lease payments. Additionally, due to related parties, it increased by SAR 9.9 million related to Global Marketing Company for Sleeping Systems.

Current Liabilities increased from SAR 59.8 million as of 31 December 2023G, to SAR 68.4 million as of 30 June 2024G, due to an SAR 8.7 million increase due to related parties related to Global Marketing Company for Sleeping Systems. This was partially offset by a SAR 0.84 million increase in trade payables.

Non- Current Liabilities

Non-current Liabilities amounted to SAR 6.2 million as of 30 June 2024G, included employee benefits obligations (SAR 4.7 million) and lease liabilities - non-current portion (SAR 1.5 million).

Non-current Liabilities decreased from SAR 9.9 million as of 31 December 2021G, to SAR 7.2 million as of 31 December 2022G, due to a SAR 1.3 million decrease in employee benefits obligations, and a SAR 1.4 million decrease in lease obligations - non-current portion in line with the movement of right-of-use assets.

Non-current Liabilities decreased from SAR 7.2 million as of 31 December 2022G, to SAR 6.8 million as of 31 December 2023G, due to a SAR 0.621 million decrease in lease obligations - non-current portion in line with the movement of right-of-use assets. This was partially offset by an SAR 0.258 million increase in employee benefits obligations.

As for the period from 31 December 2023G to 30 June 2024G, non-current liabilities decreased to SAR 6.2 million, due to a SAR 0.63 million decrease in lease obligations - non-current portion in line with the movement of right-of-use assets.

5.6.4.3 Statement of Cash Flows

Table 60: : Statement of Cash Flows as of 31 December 2021G, 2022G, 2023G, and the six-month period ended 30 June 2024G

(SAR in 000s)	financial year 2021G (Audited)	financial year 2022G (Management Information)	financial year 2023G (Management Information)	The Six-month Period Ended 30 June 2024G (Management Information)
Cash Flows from Operating Activities				
Loss for the year before Zakat and Income Tax	(23,565)	(38,772)	(74,307)	(8,644)
Adjustments to Settle Net Loss to Net Cash Flow from Operating Activities:				
Depreciation of Property, Plant and Equipment	3,360	-	-	-
Depreciation of Right-of-use Assets	-	-	-	-
Depreciation and Amortization	-	3,136	4,056	518
Amortization of Intangible Assets	5	8	7	3
Amortization of Right-of-use Assets	818	837	887	424
Impairment of Property, Plant and Equipment	-	3,106	16,367	-
Loss on Sale of Plant and Equipment	-	(2)	(93)	-
Provision for Expected Credit Losses	347	-	-	-
Provision for Slow-moving Inventory and Obsolete Goods	4,433	-	-	-
Provision for Impairment of other Receivables	196	-	-	-
Impairment of Goodwill	-	-	30,000	-
Realized (Profits) on Financial Assets at Fair Value through Profit or Loss	(440)	-	(2,204)	(325)
Unrealized Losses/ (Profits) on Financial Assets at Fair Value through Profit or Loss	(613)	-	-	253
Obligations for Employee Benefits	1,013	-	-	-
Impairment of Other Current Assets	-	4,906	7,292	5,007

(SAR in 000s)	financial year 2021G (Audited)	financial year 2022G (Management Information)	financial year 2023G (Management Information)	The Six-month Period Ended 30 June 2024G (Management Information)
Formed Employee Benefit Obligations	-	846	770	418
Finance Costs	-	155	130	70
Decrease in Written-off Accounts Payable	-	-	(660)	-
Lease Contracts Settlements	-	278	-	-
Loss/ Profit from Results of Subsidiaries' Operations	4,012			
Changes in Operating Assets and Liabilities				
Inventory	(5,207)	(1,440)	(4,189)	(6,448)
Trade receivables	428	1,171	216	(1,250)
Other Current Assets	-	(753)	401	(1,744)
Prepaid Expenses and Other Receivables	423	-	-	-
Due from Related Parties	(2,561)	(3,390)	5,950	-
Trade Payables	2,344	556	1,836	767
Accrued Expenses and Other Liabilities	1,355	(1,136)	(300)	(365)
Due to Related Parties	300	27,852	9,918	12,668
Zakat and Income Tax Paid	(2,851)	(1,035)	(372)	(451)
Employee Benefits Obligations Paid	(1,399)	(1,353)	(853)	(391)
Net Cash From (Used in) Operating Activities	(17,600)	(5,029)	(5,146)	512
Cash Flows from Investing Activities				
Proceeds From Sale of Property, Plant and Equipment	-	2	116	-
Additions to Property, Plant and Equipment	(162)	(932)	(2,854)	(35)
Flows from Sale of Financial Assets at Fair Value through Other Comprehensive Income During the Year	-	617	-	-
Net Change in Financial Assets at Fair Value	(1,843)	7,144	-	(5,720)
Net Cash From (Used in) Investing Activities	(2,005)	6,833	(2,738)	(5,755)
Cash Flows from Financing Activities				
Net Change in Current Account of Headquarters	-	9,040	12,885	12,095
Lease Contracts Obligations Paid	(135)	(901)	(952)	(672)
Dividends Received	18,967	-	-	-
Net Cash Used in Financing Activities	18,832	8,139	11,933	11,423
Net Change in Cash and Cash Equivalents	(773)	9,942	4,050	6,181
Cash and Cash Equivalents at the Beginning of the Year	911	138	443	1,225
Net Foreign Currency Translation Adjustments	-	(9,637)	(3,268)	(6,476)
Cash and Cash Equivalents at the End of the Year	138	443	1,225	930

Source: Audited Financial Statements for the FY ended 31 December 2021G and Management Information

Net Cash Flows (Used in) From Operating Activities

Cash Flows used in Operating Activities decreased from SAR 17.6 million in financial year 2021G to SAR 5.0 million in financial year 2022G, mainly due to the increase in the balance of amounts due to related parties, partially offset by an SAR 38.8 million increase in net losses recorded during the period compared to SAR 23.6 million net losses in financial year 2021G.

Cash Flows used in Operating Activities increased to SAR 5.1 million in financial year 2023G, primarily due to an increase in non-cash adjustments, particularly the write-off of SAR 30 million in goodwill, in addition to an increase in amounts due to related parties. This was partially offset by an increase in net losses in financial year 2023G.

Net Cash Flow from Operating Activities amounted to SAR 500,000 in the six months ended 30 June 2024G, mainly due to the increase in amounts due to related parties and a decrease in net losses for the same period.

Net cash Flows From (Used in) Investing Activities

Cash Flows used in Investing Activities increased from SAR 2.0 million in the financial year 2021G to Cash Flows from Investing Activities of SAR 6.8 million in financial year 2022G, attributed to cash flows from net changes in financial assets at fair value through other comprehensive income of SAR 7.1 million.

Cash Flows used in Investing Activities amounted to SAR 2.7 million in financial year 2023G, primarily due to the absence of net changes in fair value of financial assets, in addition to additions to property, plant and equipment of SAR 2.9 million during the period.

Cash Flows used in Investing Activities amounted to SAR 5.8 million in the six-month period ended 2024G, due to SAR -5.7 million changes in the fair value of financial assets at fair value through other comprehensive income.

Net Cash Flows from Financing Activities

Cash Flows from Financing Activities decreased from SAR 18.8 million in financial year 2021G to SAR 8.1 million in financial year 2022G, due to not receiving any dividends in financial year 2022G, compared to SAR 19.0 million in financial year 2021G, partially offset by SAR 9.0 million net changes in the headquarters account.

Cash Flows from Financing Activities increased to SAR 11.9 million in financial year 2023G, due to a SAR 12.9 million increase in the account of headquarters, partially offset by payments related to lease liabilities.

Cash Flows from Financing Activities amounted SAR 11.4 million in the six-month period ended 30 June 2024G, due to the SAR 12.1 million net change in the current account of headquarters, partially offset by payments related to lease obligations of SAR 0.672 million during the period.

5.7 Material Subsidiaries

5.7.1 Global Marketing Company for Sleeping Systems

5.7.1.1 Statement of Profit or Loss and Other Comprehensive Income

Table 61: : Statement of Profit or Loss and Other Comprehensive Income for FYs Ended 31 December 2021G, 2022G, 2023G, and the Six-month Periods Ended 30 June 2023G, and 2024G

SAR in 000s	financial year 2021G (Audited)	financial year 2022G (Audited)	financial year 2023G (Audited)	Annual Change 2021G – 2022G	Annual Change 2022G – 2023G	Compound Annual Growth Rate 2021G – 2023G	Six-month Period Ended 30 June 2023G (Management Information)	Six-month Period Ended 30 June 2024G (Management Information)	Change for the Six-month Periods 2023G – 2024G
Sales	108,313	102,577	109,261	(5.3%)	6.5%	0.4%	62,133	53,254	(14.3%)
Cost of Sales	(81,135)	(74,833)	(72,898)	(7.8%)	(2.6%)	(5.2%)	(41,274)	(34,869)	(15.5%)
Gross Profit	27,178	27,744	36,363	2.1%	31.1%	15.7%	20,859	18,385	(11.9%)
Selling and Distribution Expenses	(22,860)	(28,039)	(29,681)	22.7%	5.9%	13.9%	(15,175)	(14,902)	(1.8%)
General and Administrative Expenses	(11,940)	(10,240)	(11,328)	(14.2%)	10.6%	(2.6%)	(5,038)	(5,195)	3.1%
Impairment of Current Assets	(2,787)	(3,566)	(2,129)	28.0%	(40.3%)	(12.6%)	(1,021)	(543)	(46.8%)
Operating Loss	(10,409)	(14,101)	(6,775)	35.5%	(52.0%)	(19.3%)	(374)	(2,256)	502.5%
Company's Share of the Subsidiary's Business	3,958	1,495	6,657	(62.2%)	345.3%	29.7%	5,429	(782)	(114.4%)
Dividends from Financial Assets at Fair Value	1,490	1,120	920	(24.8%)	(17.9%)	(21.4%)	496	232	(53.2%)
Realized Profits on Financial Assets at Fair Value Through Profit or Loss	-	-	-	N/A	N/A	N/A	-	2,644	N/A
Financing Costs	(720)	(1,186)	(1,782)	64.7%	50.2%	57.3%	(927)	(1,122)	21.1%
Other Revenue	2,514	2,012	2,130	(20.0%)	5.9%	(8.0%)	701	1,497	113.5%
Net (Loss) Before Tax	(3,166)	(10,660)	1,149	236.7%	(110.8%)	NA	(3,166)	(10,660)	1,149
Reversal of Zakat Provision (Zakat Formed)	(1,068)	891	(386)	(183.4%)	(143.3%)	(39.9%)	(600)	(360)	(40.0%)
Net Loss for the Year	(4,234)	(9,769)	763	130.7%	(107.8%)	NA	4,725	(148)	(103.1%)
Other Comprehensive Income Items									
Items that may be Reclassified Subsequently to Profit or Loss									
Foreign Currency Translation Adjustments	38	(9,492)	(3,219)	(25361.4%)	(66.1%)	N/A	-	-	N/A

SAR in 000s	financial year 2021G (Audited)	financial year 2022G (Audited)	financial year 2023G (Audited)	Annual Change 2021G – 2022G	Annual Change 2022G – 2023G	Compound Annual Growth Rate 2021G – 2023G	Six-month Period Ended 30 June 2023G (Management Information)	Six-month Period Ended 30 June 2024G (Management Information)	Change for the Six-month Periods 2023G – 2024G
Items that Will Not be Reclassified Subsequently to Profit or Loss	-	-	-	N/A	N/A	N/A	-	-	N/A
Realized Profits on Financial Assets at Fair Value Through Other Comprehensive Income	2,208	23,049	779	943.8%	(96.6%)	(40.6%)	-	-	N/A
Unrealized (Loss)/ Profit on Financial Assets at Fair Value Through Other Comprehensive Income	16,513	(14,555)	7,431	(188.1%)	(151.1%)	(32.9%)	-	-	N/A
Unrealized (Loss)/ Profit on Financial Assets at Fair Value Through Other Comprehensive Income in Subsidiary	-	-	31	N/A	N/A	N/A	-	-	N/A
Changes in Assumptions Related to Defined Employee Benefits Obligations	(704)	1,552	(9)	(320.3%)	(100.6%)	(88.9%)	-	-	N/A
Changes in Assumptions Related to Defined Employee Benefits Obligations in Subsidiary	(32)	137	48	(529.0%)	(64.9%)	NA	-	-	N/A
Total Other Comprehensive Income Items	18,023	690	5,061	(96.2%)	633.3%	(47.0%)	-	-	N/A
Total Comprehensive (Loss)/ Income for the Year	13,788	(9,079)	5,824	(165.8%)	(164.1%)	(35.0%)	4,725	(148)	(103.1%)

Source: Audited Financial Statements for the FYs ended 31 December 2021G, 2022G, and 2023 and Management Information

Table 62: : Key Performance Indicators (KPIs) for the FY ended 31 December 2021G, 2022G, and 2023G, and the Six-month Periods Ended 30 June 2023, and 2024G

KPIs	financial year 2021G (Management Information)	financial year 2022G (Management Information)	financial year 2023G (Management Information)	Annual Change 2021G – 2022G	Annual Change 2022G – 2023G	Compound Annual Growth Rate 2021G – 2023G	Six-month Period Ended 30 June 2023G (Management Information)	Six-month Period Ended 30 June 2024G (Management Information)	Change (%) for 2024G – 2023G
% of Revenue									
Gross Profit	25.1%	27.0%	33.3%	2.0	6.2	8.2	33.6%	34.5%	1.0
Selling and Distribution Expenses	21.1%	27.3%	27.2%	6.2	(0.2)	6.1	24.4%	28.0%	3.6
General and Administrative Expenses	11.0%	10.0%	10.4%	(1.0)	0.4	(0.7)	8.1%	9.8%	1.6
Profit before Zakat	(3%)	(10%)	1%	(1.07)	(0.89)	N/A	9%	0%	(1.08)
Net Profit (Loss)	(3.9%)	(9.5%)	0.7%	(5.6)	10.2	4.6	7.6%	(0.3%)	(7.9)

Source: Management Information

Sales

Sales were primarily generated from the sale of (1) Coil Spring Mattresses (which constituted 54.5% of total sales during the historical period), and (2) Foam Sponge Sales (24.8% of the total), in addition to Beds (6.5% of the total), Foam Mattresses (5.7% of the total), commercial agencies related to accessories, pillows, protective covers, and compressed foam.

Sales decreased by 5.3% from SAR 108.3 million in financial year 2021G to SAR 102.6 million in financial year 2022G, due to a 16.7% decrease in the average selling price per unit sold from SAR 200 to SAR 167. This decrease was attributed to (1) a negative sales mix effect, with an increase in quantities sold of lower-priced products, particularly accessories, which accounted for 6.2% of total quantities sold in financial year 2021G compared to 15.0% in financial year 2022G, and had a lower average selling price (SAR 35 in financial year 2022G) compared to the overall average (SAR 167), and (2) an increase in discounts as a percentage of sales from 19.2% to 19.9%.

Sales increased by 6.5% from SAR 102.6 million in financial year 2022G to SAR 109.3 million in financial year 2023G, primarily due to a positive sales mix effect, as management made efforts to increase sales of higher-priced products, particularly in the foam and foam mattress categories. Additionally, there was a slight increase in quantities sold from 615 thousand units in financial year 2022G to 625 thousand units in financial year 2023G. This was partially offset by another increase in discounts as a percentage of sales from 19.9% to 23.0%.

Sales decreased by 14.3% from SAR 62.1 million in the Six-month Period Ended 30 June 2023G, to SAR 53.3 million in the Six-month Period Ended 30 June 2024G, associated with SAR 8.6 million decrease in project sales due to the postponement of some projects by contractors to the fourth quarter of 2024 or the first quarter of 2025, in addition to a preference for lower-priced products, alongside an 26.1% increase in discounts as a percentage of sales in the Six-month Period Ended 30 June 2024G.

Cost of Sales

Cost of Sales consists primarily of raw materials and spare parts, which represent 74.2% of the total, in addition to employee costs, which represent 13.6%, depreciation of fixed assets, which represent 4.8% of the total, along with other costs.

Cost of Sales decreased by 7.8% from SAR 81.1 million in financial year 2021G to SAR 74.8 million in financial year 2022G, due to a SAR 7.7 million decrease in raw materials and spare parts, resulting from lower purchases following the decrease in raw material costs post-COVID-19 pandemic.

This was partially offset by an SAR 766 thousand increase in employee costs in financial year 2022G, resulting from an increase in the average monthly cost per employee from SAR 2.8 thousand in financial year 2021G to SAR 3.1 thousand in financial year 2022G, due to the departure of employees with lower salaries and higher salaries offered to new employees, as well as compliance with the minimum salary requirements for Saudi citizens. Additionally, financial year 2022G witnessed an SAR 735 thousand increase in depreciation of property, plant, and equipment, resulting from SAR 1.1 million investments in financial year 2021G, which were made at the end of the year.

Cost of Sales decreased by 2.6% from SAR 74.8 million in financial year 2022G to SAR 72.9 million in financial year 2023G, mainly due to a further decrease in raw materials and spare parts by SAR 2.4 million, resulting from improved pricing terms with suppliers. This was partially offset by a SAR 396 thousand increase in spare parts costs, as well as SAR 208 thousand increase in repair and maintenance expenses, due to maintenance work on production lines during the period.

Cost of Sales decreased by 15.5% from SAR 41.3 million in the Six-month Period Ended 30 June 2023G, to SAR 34.9 million in the Six-month Period Ended 30 June 2024G, primarily due to a SAR 5.8 million decrease in raw materials and spare parts costs and SAR 609 thousand reduction in employee costs, resulting from a reduction in the number of employees during this period. The number of employees decreased to 232 employees in the Six-month Period Ended 30 June 2024G, compared to 289 employees in financial year 2021G, as a result of the restructuring initiative undertaken by management to improve efficiency, which led to a reduction in the number of employees. This decrease was partially offset by an SAR 98 thousand increase in transportation and loading expenses, due to higher fuel costs.

Gross Profit

Gross Profit increased by 2.1% from SAR 27.2 million in financial year 2021G to SAR 27.7 million in financial year 2022G, due to a SAR 6.3 million decrease in cost of sales, resulting from SAR 7.7 million reduction in raw materials and spare parts costs, as a result of lower purchases. This was partially offset by a SAR 5.7 million decrease in sales from SAR 108.3 million in financial year 2021G to SAR 102.6 million in financial year 2022G, due to a decrease in the average selling price per unit sold from SAR 200 to SAR 167, resulting from a negative sales mix effect, with an increase in quantities sold of lower-priced products. Gross Profit margin increased from 25.1% in financial year 2021G to 27.0% in financial year 2022G, as the decrease in Cost of Sales outweighed the decrease in sales.

Gross Profit increased by 31.1% from SAR 27.7 million in financial year 2022G to SAR 36.4 million in financial year 2023G, due to (1) SAR 6.7 million increase in sales from SAR 102.6 million in financial year 2022G to SAR 109.3 million in financial year 2023G, mainly due to a positive sales mix effect, as management made efforts to increase sales of higher-priced products, and (2) a SAR 1.9 million decrease in cost of sales from SAR 74.8 million in financial year 2022G to SAR 72.9 million in financial year 2023G, mainly due to improved pricing terms with suppliers. Gross Profit margin increased from 27.0% in financial year 2022G to 33.3% in financial year 2023G, due to the increase in sales and decrease in Cost of Sales.

Gross Profit decreased by 11.9% from SAR 20.9 million in the Six-month Period Ended 30 June 2023G, to SAR 18.4 million in the Six-month Period Ended 30 June 2024G, due to a SAR 8.9 million decrease in sales from SAR 62.1 million in the Six-month Period Ended 30 June 2023G, to SAR 53.3 million in the Six-month Period Ended 30 June 2024G, associated with a decrease in project sales due to the postponement of some

projects by contractors to the fourth quarter of 2024 or the first quarter of 2025, in addition to a preference for lower-priced products, along with an increase in discounts. This was partially offset by a SAR 6.4 million decrease in cost of sales from SAR 41.3 million in the Six-month Period Ended 30 June 2023G, to SAR 34.9 million in the Six-month Period Ended 30 June 2024G, primarily due to a decrease in raw materials and spare parts costs and a reduction in employee costs resulting from a reduction in the number of employees during this period. Gross Profit margin increased from 33.6% in the Six-month Period Ended 30 June 2023G, to 34.5% in the Six-month Period Ended 30 June 2024G, as the decrease in sales was partially offset by a decrease in Cost of Sales.

Selling and Distribution Expenses

Selling and Distribution Expenses consist primarily of (1) transportation and home delivery expenses (34.1% of the total during the historical period), (2) employee costs related to the sales team (28.0% of the total), (3) rents (10.0% of the total), (4) depreciation of right-of-use assets (9.0% of the total), in addition to other expenses.

Selling and Distribution Expenses increased by 22.7% from SAR 22.9 million in financial year 2021G to SAR 28.0 million in the FY22, mainly due to an SAR 1.8 million increase in employee costs, resulting from an increase in the average monthly cost per employee from SAR 6.8 thousand to SAR 8.7 thousand, due to the departure of employees with lower salaries and higher salaries offered to new employees, as well as compliance with the minimum salary requirements for Saudi citizens. The period also witnessed SAR 1.4 million increase in depreciation of right-of-use assets, resulting from SAR 3.3 million additions during the year, in addition to SAR 555 thousand increase in advertising and marketing expenses, due to higher spending on advertising and marketing campaigns on social media.

Selling and Distribution Expenses increased by 5.9% from SAR 28.0 million in financial year 2022G to SAR 29.7 million in financial year 2023G, mainly due to an SAR 1.5 million increase in transportation and home delivery expenses, resulting from the increase in quantities sold during the period and higher fuel costs. Advertising and marketing expenses also increased by SAR 1.2 million, primarily due to participation in further exhibitions, particularly the INDEX Dubai 2023 exhibition. Depreciation of property, plant, and equipment increased by SAR 604 thousand, resulting from additions made during the period. This was partially offset by a SAR 1.7 million decrease in depreciation of right-of-use assets.

Selling and Distribution Expenses decreased by 1.8% from SAR 15.2 million in the Six-month Period Ended 30 June 2023G, to SAR 14.9 million in the Six-month Period Ended 30 June 2024G, due to a SAR 550 thousand decrease in advertising expenses, in addition to a decrease in maintenance expenses, resulting from the maintenance work carried out in financial year 2023G, which recorded higher maintenance expenses related to preventive maintenance.

General and Administrative Expenses

General and Administrative Expenses consist primarily of (1) salaries, wages, and the like related administrative employees (62.3% of the total during the historical period), (2) professional fees and consulting (11.3% of the total), (3) expenses, allowances, and benefits for board members and related committees (8.4% of the total), in addition to other expenses (18.1% of the total).

General and Administrative Expenses decreased by 14.2% from SAR 11.9 million in financial year 2021G to SAR 10.2 million in financial year 2022G, mainly due to a SAR 1.7 million decrease in professional and consulting fees, resulting from non-recurring expenses related to a consulting project for the new SH brand identity.

General and Administrative Expenses increased by 10.6% from SAR 10.2 million in financial year 2022G to SAR 11.3 million in financial year 2023G, mainly due to an SAR 1.8 million increase in salaries, wages, and the like related to administrative employees, resulting from an increase in the average monthly cost per employee from SAR 7.2 thousand to SAR 9.4 thousand, due to salary increases granted to certain positions and higher salaries offered to new employees. This was partially offset by a SAR 545 thousand decrease in non-recurring withholding tax expenses that were recorded in financial year 2022G.

General and Administrative Expenses increased by 3.1% from SAR 5.0 million in the Six-month Period ended 30 June 2023G to SAR 5.2 million in the Six-month Period Ended 30 June 2024G, mainly due to an SAR 353 thousand increase in salaries, wages, and the like related to administrative employees, resulting from the impact of salary increases during the full period, as well as the hiring of new employees. This was partially offset by a SAR 54 thousand decrease in subscription and license fees, as well as a SAR 49 thousand decrease in professional and consulting fees during the same period.

Impairment of Current Assets

The Impairment of Current Assets relates to (1) provisions for slow-moving inventory (62.5% of the total during the historical period), and (2) expected credit losses on trade receivables (13.4% of the total), other receivables (10.0% of the total), assets held for sale (9.7% of the total), and others (4.4% of the total).

Impairment of Current Assets increased by 28.0% from SAR 2.8 million in financial year 2021G to SAR 3.6 million in financial year 2022G, driven by an increase in (1) expected credit loss provisions that increased by SAR 775 thousand, and (2) inventory provisions that increased by SAR 628 thousand related to slow-moving inventory. This was partially offset by a SAR 902 thousand one-time decrease in the value of other receivables recorded in financial year 2021G.

Impairment of Current Assets decreased by 40.3% from SAR 3.6 million in financial year 2022G to SAR 2.1 million in financial year 2023G, due to SAR 661 thousand reversal of expected credit loss provisions recorded in financial year 2023G, compared to SAR 1.3 million provision in financial year 2022G, resulting from collections during the period, and a SAR 278 thousand one-time impairment recorded in financial year

2022G for a related party receivable related to interest accrued on a balance due from the parent company which was written off based on the auditor's request as this item is eliminated upon consolidation of the parent company's (SIDC) financial statements. This was partially offset by a SAR 876 thousand impairment related to a machine that was held for sale but is no longer required. The Company did not sell the machine and therefore recorded a decrease in its value during financial year 2023G.

Impairment of Current Assets decreased by 46.8% from SAR 1.0 million in the Six-month Period Ended 30 June 2023G, to SAR 543 thousand in the Six-month Period Ended 30 June 2024G, as no expected credit loss provisions were recorded in the Six-month Period Ended 30 June 2024G, based on the calculation reviewed by the auditor, which is in accordance with accounting standards, compared to a SAR 538 thousand balance in the Six-month Period Ended 30 June 2023G.

Company's Share of the Subsidiary's Business

The Company's Share of the Subsidiary's Business decreased by 62.2% from SAR 4.0 million in financial year 2021G to SAR 1.5 million in financial year 2022G, then increased by 345.3% to reach SAR 6.7 million in financial year 2023G. The Company's Share of the Subsidiary's Business decreased from SAR 5.4 million in the Six-month Period Ended 30 June 2023G, to SAR - 782 thousand in the Six-month Period Ended 30 June 2024G, due to the business results of Emmdad Logistic Services and Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High).

Dividends from Financial Assets at Fair Value

Dividends from Financial Assets at Fair Value amounted to SAR 1.5 million, SAR 1.1 million, and SAR 920 thousand, which were recorded during financial year 2021G, financial year 2022G, and financial year 2023G, respectively, and SAR 496 thousand and SAR 232 thousand during the Six-month Periods Ended 30 June 2023G, and 2024, respectively.

Financing Costs

Financing Costs consist of interest in credit facilities and operating lease costs. Financing Costs increased by 64.7% from SAR 720 thousand in financial year 2021G to SAR 1.2 million in financial year 2022G, due to interest in credit facilities related to the Murabaha Agreement signed in the first quarter of financial year 2022G at an annual interest rate of 6.25%. It shall be noted that there were no credit facilities in financial year 2021G for the Global Marketing Company for Sleeping Systems.

Financing Costs increased by 50.2% from SAR 1.2 million in financial year 2022G to SAR 1.8 million in financial year 2023G, due to an SAR 674 thousand increase in interest in credit facilities resulting from the Margin Trading Agreement signed in the second quarter of financial year 2023G at an annual interest rate of 9.0%.

Financing Costs increased by 21.1% from SAR 927 thousand in the Six-month Period Ended 30 June 2023G, to SAR 1.1 million in the Six-month Period Ended 30 June 2024G, due to an SAR 215 thousand increase in interest costs on credit facilities resulting from the full impact of the Margin Trading Agreement signed in the second quarter of financial year 2023G. This was partially offset by a SAR 20 thousand decrease in finance costs related to operating leases.

Other Revenue

Other Revenue includes (1) sales of scrap and obsolete inventory (SAR 798 thousand in the Six-month Period Ended 30 June 2024G) related to the natural by-products of the Group's activities, (2) Profit on sale of Property, Plant, and Equipment (SAR 271 thousand), (3) bad debts recovered (SAR 210 thousand), (4) Human Resources Development Fund support (SAR 210 thousand), and (5) other Revenue (SAR 8 thousand).

Other Revenue decreased by 20.0% from SAR 2.5 million in financial year 2021G to SAR 2.0 million in financial year 2022G, due to a SAR 1.9 million decrease in sales of scrap and obsolete inventory, which was partially offset by an SAR 1.1 million increase in bad debts recovered during the year.

Other Revenue increased by 5.9% from SAR 2.0 million in financial year 2022G to SAR 2.1 million in financial year 2023G, driven by SAR 968 thousand Human Resources Development Fund support received during the period, which was zero in financial year 2021G and 22G. This was partially offset by a decrease in (1) bad debts recovered during the year of SAR 627 thousand, and (2) Other Revenue of SAR 179 thousand.

Other Revenue increased by 113.5% from SAR 701 thousand in the Six-month Period Ended 30 June 2023G, to SAR 1.5 million in the Six-month Period Ended 30 June 2024G, driven by an increase in (1) Other Revenue of SAR 415 thousand, and profits from sale of scrap and obsolete inventory of SAR 599 thousand.

(Zakat Formed)/ Reversal of Zakat Provision

(Zakat Formed)/ Reversal of Zakat Provision varied during the period, with a charge of SAR 1.1 million in financial year 2021G, a SAR 891 thousand reversal in financial year 2022G, a SAR 386 thousand provision in financial year 2023G, and a SAR 360 thousand provision in the Six-month Period Ended 30 June 2024G.

Net Loss

Net Loss increased by 130.7% from SAR 4.2 million in financial year 2021G to SAR 9.8 million in financial year 2022G, due to a SAR 5.7 million decrease in sales, which was accompanied by an increase in (1) employee costs, and (2) depreciation of right-of-use assets, resulting in lower absorption of fixed costs, and (3) a SAR 2.5 million decrease in Share of the Subsidiary's Business.

A Net Income of SAR 763 thousand was recorded in financial year 2023G, mainly due to (1) an SAR 5.2 million increase in Share of the Subsidiary's Business, (2) higher profit margins recorded during the period, and (3) an SAR 6.7 million increase in sales, resulting in better absorption of fixed costs.

While higher profit margins continued in the Six-month Period Ended 30 June 2024G, at 34.5%, the decrease in sales led to lower absorption of fixed costs, which was accompanied by a SAR 6.2 million decrease in Share of the Subsidiary's Business, resulting in a SAR 148 thousand net loss in the Six-month Period Ended 30 June 2024G.

5.7.1.2 Statement of Financial Position

Table 63: : Statement of Financial Position as of 31 December 2021G, 2022G, 2023G, and 30 June 2024G

(SAR in 000s)	as of 31 December 2021G, (Audited)	as of 31 December 2022G, (Audited)	as of 31 December 2023G, (Audited)	as of 30 June 2024G, (Management Information)
Assets				
Non-current Assets				
Property, Plant, and Equipment	32,869	27,405	23,437	21,469
Right-of-use Assets	5,324	4,585	6,913	6,525
Intangible Assets	192	107	49	31
Advance on Operating Lease Contracts	110	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	52,383	40,462	44,418	38,208
Investments in Subsidiaries	31,844	23,983	24,499	18,656
Total Non-current Assets	122,722	96,543	99,315	84,888
Current Assets				
Cash and Cash Equivalent	882	674	617	847
Trade Receivables	10,283	9,570	11,744	14,995
Due from Related Parties	7	26,943	37,312	47,993
Other Current Assets	1,707	2,363	1,801	2,590
Inventory	19,761	17,704	15,088	14,940
Assets held for Sale	-	876	-	-
Total Current Assets	32,638	58,129	66,562	81,364
Total Assets	155,360	154,672	165,877	166,252
Equity and Liabilities				
Equity				
Capital	100,000	100,000	100,000	100,000
Statutory Reserve	26,102	26,102	26,178	26,178
Foreign Currency Translation Reserve	(31,810)	(41,302)	(44,522)	(50,900)
Impairment Related to the Acquisition of a Subsidiary	(1,377)	(1,377)	(1,377)	(1,377)
Reserve for Changes in Fair Value of Investments	16,306	1,751	9,212	6,920
Remeasurement Reserve for Employees Benefit Obligations	1,024	2,713	2,752	2,752
Retained Earnings/ (Accumulated Losses)	(3,839)	9,441	10,907	(11,019)
Total Equity	106,406	97,327	103,151	94,592
Liabilities				
Non-current Liabilities				
Lease Contracts Obligations – Non-current Portion	2,927	2,714	4,500	2,974
Employee Benefit Obligations	8,290	7,278	7,520	7,434
Total Non-current Liabilities	11,217	9,992	12,020	10,407
Current Liabilities				
Credit Facilities	-	21,250	22,096	21,444
Lease Contracts Obligations – Current Portion	3,801	3,974	1,796	3,024

(SAR in 000s)	as of 31 December 2021G, (Audited)	as of 31 December 2022G, (Audited)	as of 31 December 2023G, (Audited)	as of 30 June 2024G, (Management Information)
Trade Payables	16,851	9,051	12,396	18,899
Due to Related Parties	4,057	3,919	3,774	6,657
Amounts Payable and Other Current Liabilities	7,371	5,205	6,658	7,319
Zakat Payable	5,658	3,954	3,986	3,911
Total Current Liabilities	37,738	47,354	50,706	61,253
Total Liabilities	48,954	57,346	62,726	71,661
Total Equity and Liabilities	155,360	154,672	165,877	166,252

Source: Audited Financial Statements for the FYs ended 31 December 2021G, 2022G, and 2023G, and Management Information.

Non-current Assets

Non-current Assets amounted to SAR 84.9 million as of 30 June 2024G, and included (1) financial assets at fair value through other comprehensive income (SAR 38.2 million), (2) Property, Plant, and Equipment (SAR 21.5 million) mainly related to buildings and constructions (SAR 12.3 million) and Plant, and Equipment (SAR 8 million), (3) investments in subsidiaries (SAR 18.7 million) related to Emmdad Logistic Services and Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High), (4) right-of-use assets (SAR 6.5 million) related to 16 contracts, mainly consisting of a lease contract for Red Sea building (SAR 1.4 million) expiring in November 2024G, and Olaya showroom (SAR 1.1 million) expiring in July 2027, and (5) intangible assets (SAR 31 thousand) related to the net book value of software owned by the Group.

Non-current Assets decreased from SAR 122.7 million as of 31 December 2021G, to SAR 96.5 million as of 31 December 2022G, due to:

1. SAR 11.9 million decrease in the balance of financial assets at fair value through other comprehensive income, resulting from the sale of SAR 23.5 million from the local securities portfolio and unrealized losses of SAR 14.6 million, partially offset by an SAR 26.1 million increase added during the period, and an SAR 315 thousand increase in trade receivables balance due to higher sales.
2. A decrease in investment in subsidiaries, with the investment in Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) declining from SAR 24.5 million to SAR 15.9 million during the same period, due to translation adjustments of SAR 31.5 million, partially offset by an increase in investment in Emmdad Logistic Services from SAR 7.3 million to SAR 8.1 million.
3. SAR 5.5 million decrease in Property, Plant, and Equipment, resulting from a SAR 3.5 million decrease in Plant, and Equipment, due to the conversion of SAR 876 thousand to assets held for sale for an Equipment that is no longer required and was put up for sale, and depreciation expenses of SAR 4.7 million.

This was partially offset by an SAR 876 thousand increase in the balance of assets held for sale, related to Equipment purchased in the FY17G, which is no longer required and was therefore held for sale. The fair value of the equipment exceeded its netbook value based on offers received from third parties. The Group did not sell the equipment and therefore recorded impairment in its value during financial year 2022G.

Non-current Assets increased from SAR 97.4 million as of 31 December 2022G, to SAR 99.3 million as of 31 December 2023G, driven by the following changes:

1. An SAR 4.0 million increase in the balance of financial assets at fair value through other comprehensive income, associated with unrealized gains of SAR 7.4 million related to the priced local securities portfolio, partially offset by sales of SAR 3.5 million.
2. An SAR 2.3 million increase in the balance of right-of-use assets, associated with SAR 4.4 million additions made during the period, partially offset by depreciation expenses of SAR 2.4 million.

This was partially offset by SAR 4.0 million decrease in the balance of Property, Plant, and Equipment, associated with SAR 5.2 million depreciation expenses, partially offset by SAR 1.2 million additions, including SAR 976 thousand additions for Plant and Equipment and SAR 238 thousand additions for furniture and fixtures.

Non-current Assets decreased from SAR 99.3 million as of 31 December 2023G to SAR 84.9 million as of 30 June 2024G, driven by the following changes:

1. SAR 6.2 million increase in the balance of financial assets at fair value through other comprehensive income, associated with unrealized losses of SAR 3.4 million and sales of SAR 2.9 million.
2. SAR 5.8 million decrease in the balance of investments in subsidiaries, mainly related to translation adjustments for Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High), which was negatively impacted by the depreciation and floatation of the currency that occurred in the Six Months Ended 30 June 2024G.

Current Assets

Current Assets amounted to SAR 81.4 million as of 30 June 2024G and included due from related parties (SAR 48.0 million), trade receivables (SAR 15.0 million), inventory (SAR 14.9 million), other current assets (SAR 2.6 million), and cash and cash equivalents (SAR 847 thousand).

Current Assets increased from SAR 32.6 million as of 31 December 2021G, to SAR 58.1 million as of 31 December 2022G, due to a SAR 26.9 million increase in due from related parties, associated with payments made on behalf of SIDC Company amounting to SAR 37.0 million,

partially offset by dividends paid to SIDC Company amounting to SAR 19.0 million as of 31 December 2021G. The increase resulting from due from related parties was partially offset by a SAR 2.1 million decrease in inventory, due to a provision for slow-moving inventory of SAR 2.0 million recorded during the period, while overall inventory levels remained relatively stable at approximately SAR 19.7 million.

Current Assets increased from SAR 58.1 million as of 31 December 2022G, to SAR 66.6 million as of 31 December 2023G, driven by an increase in (1) due from related parties by SAR 10.4 million due to payments made on behalf of the parent company and (2) an SAR 2.2 million increase in trade receivables, driven by the reversal of a provision of SAR 661 thousand and a write-off of SAR 878 thousand recorded during the period, where the balances were deemed uncollectible, reducing the year-end provision by SAR 1.5 million, along with an increase in receivables due to higher sales recorded during the period. This was partially offset by a SAR 2.6 million decrease in inventory to reflect the realizable value after an internal assessment consistent with accounting standards requirements, which resulted in the full write-off of the provision of SAR 3.8 million, reducing inventory levels and bringing the provision balance to zero as of 31 December 2023G.

Current Assets increased from SAR 66.6 million as of 31 December 2023G, to SAR 81.4 million as of 30 June 2024G, driven by an SAR 10.7 million increase in due from related parties due to additional payments made on behalf of the parent company, which are eliminated upon consolidation, and an SAR 3.3 million increase in trade receivables driven by higher sales recorded in the first quarter of 2024 related to higher discounts granted, and no provision was recorded during the period based on the calculation audited by the auditor, which is consistent with accounting standards.

Equity

Equity amounted to SAR 94.6 million as of 30 June 2024G, and included:

1. Capital (SAR 100.0 million) related to 40.0 million shares with a value of SAR 10 per share, with SAR 95.0 million owned by the parent Company and SAR 5.0 million owned by SIDC Commercial Investments.
2. Statutory reserve (SAR 26.2 million), which represents 10% of net income until the reserve accumulates to 30% of capital, in accordance with the laws governing the Kingdom of Saudi Arabia.
3. Foreign currency translation reserve (SAR - 50.9 million) related to the ownership of Global Marketing Company for Sleeping Systems in Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High).
4. Impairment Related to the Acquisition of a Subsidiary (SAR - 1.4 million) related to the ownership of Global Marketing Company for Sleeping Systems in Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High).
5. Reserve for Change in Fair Value of Investments (SAR 6.9 million) related to the portfolio of financial assets at fair value through other comprehensive income.
6. Remeasurement Reserve for Employees Benefit Obligations (SAR 2.8 million).
7. Retained Profits/ (Accumulated Losses) (SAR 11.0 million).

Equity decreased from SAR 106.4 as of 31 December 2021G to SAR 97.3 million as of 31 December 2022G, due to a SAR 14.6 million decrease in the reserve for change in fair value of investments resulting from realized and unrealized gains and losses, and a SAR 9.5 million decrease in the foreign currency translation reserve resulting from the decline in the value of the Egyptian pound against the Saudi riyal. This was partially offset by an SAR 1.7 million increase in the remeasurement reserve for employee benefit obligations.

Equity increased from SAR 97.3 million as of 31 December 2022G, to SAR 103.2 million as of 31 December 2023G, due to an SAR 7.5 million increase in the reserve for change in fair value of investments, and an SAR 1.5 million increase in retained profits. This was partially offset by an SAR 3.2 million increase in the foreign currency translation reserve resulting from the decline in the value of the Egyptian pound against the Saudi riyal.

Equity decreased from SAR 97.3 million as of 31 December 2022G to SAR 94.6 million as of 30 June 2024G, due to an SAR 6.4 million increase in the foreign currency translation reserve resulting from the decline in the value of the Egyptian pound against the Saudi riyal and the currency floatation during the Six Months Ended 30 June 2024G, and a SAR 2.3 million decrease in the reserve for change in fair value of investments.

Non-current Liabilities

Non-current Liabilities amounted to SAR 10.4 million as of 30 June 2024G and included employee benefit obligations (SAR 7.4 million) and lease obligations non-current portion (SAR 3.0 million).

Non-current Liabilities decreased from SAR 11.2 million as of 31 December 2021G, to SAR 10.0 million as of 31 December 2022G, due to a SAR 1.0 million decrease in employee benefit obligations, and a SAR 213 thousand decrease in lease obligations (non-current portion).

Non-current Liabilities increased from SAR 10.0 million as of 31 December 2022G to SAR 12.0 million as of 31 December 2023G, due to an SAR 242 thousand increase in employee benefit obligations, and a SAR 1.8 million increase in lease obligations (non-current portion) resulting from right-of-use asset movement.

Non-current Liabilities decreased from SAR 12.0 million as of 31 December 2023G to SAR 10.4 million as of 30 June 2024G, due to a SAR 87 thousand decrease in employee benefit obligations, and a SAR 1.5 million decrease in lease obligations (non-current portion) resulting from right-of-use asset movement.

Current Liabilities

Current Liabilities amounted to SAR 61.3 million as of 30 June 2024G, and included (1) credit facilities (SAR 21.4 million), (2) accounts payable (SAR 19.0 million), (3) amounts payable and other current liabilities (SAR 7.3 million), (4) due to related parties (SAR 6.7 million), (5) zakat payable (SAR 3.9 million), and lease obligations - current portion (SAR 3.0 million).

Current Liabilities increased from SAR 37.7 million as of 31 December 2021G, to SAR 47.4 million as of 31 December 2022G, due to an SAR 21.3 million increase in credit facilities balance related to a Murabaha Sale Agreement signed in the first quarter of financial year 2022G for buying and selling securities with Derayah Financial Company, where the Agreement value was SAR 20.0 million with an annual interest rate of 6.25%. This was partially offset by a SAR 7.8 million decrease in accounts payable balance related to settling two large balances with raw material suppliers, as well as a SAR 2.2 million decrease in amounts payable and other current liabilities balance related to settling SAR 2.5 million dividend payables.

Current Liabilities increased from SAR 47.4 million as of 31 December 2022G, to SAR 50.7 million as of 31 December 2023G, due to an SAR 3.3 million increase in accounts payable related to purchasing larger quantities of raw materials from foreign suppliers, and an SAR 1.5 million increase in amounts payable and other current liabilities related to an SAR 2.1 million increase in accruals related to non-commercial suppliers, partially offset by a SAR 468 thousand settlement of employee provisions. This was partially offset by a SAR 2.2 million decrease in the current portion of lease obligations.

Current Liabilities increased from SAR 50.7 million as of 31 December 2023G to SAR 61.3 million as of 30 June 2024G, due to an SAR 6.5 million increase in accounts payable related to an SAR 5.4 million increase in payables to major suppliers resulting from delayed payments to some suppliers for liquidity purposes, with rescheduling of part of the outstanding balance as of 30 June 2024G, and granting credit terms exceeding the agreed-upon 60 days, and an SAR 2.9 million increase in due to related parties related to delayed settlement of balances with Emmdad Logistic Services, and an SAR 1.2 million increase in the current portion of lease obligations.

5.7.1.3 Statement of Cash Flows

Table 64: : Statement of cash flows for the financial years ended 31 December 2021G, 2022G, and 2023G, and the six-month period ended 30 June 2024

SAR in 000s	financial year 2021G (Audited)	financial year 2022G (Audited)	financial year 2023G (Audited)	Six-month Period Ended 30 June 2024G (Management Information)
Cash Flows from Operating Activities				
Loss for the Year Before Zakat and Income Tax	(3,166)	(10,660)	1,149	212
Adjustments to Reconcile Net Loss to Net Cash Flow from Operating Activities:				
Amortization of Right-of-Use Assets	2,708	4,057	2,403	1,085
Prepaid Depreciation of Operating Leases	151	110	-	-
Depreciation of Property, Plant, and Equipment	4,035	4,725	5,161	2,129
Amortization of Intangible Assets	327	85	58	18
Company's Share of the Subsidiary's Business	(3,958)	(1,495)	(6,657)	782
Impairment of Current Assets	3,174	3,566	2,129	543
Formed Employee Benefit Obligations	1,401	1,252	1,380	577
Written off from Employee Benefit Obligations	-	(51)	-	-
Lease Settlements	-	-	(299)	-
Paid Dividends	-	-	-	(232)
Profits on the Sale of Property and Equipment	-	-	(61)	(271)
Finance Cost	720	1,186	1,782	1,122
Changes in Operating Assets and Liabilities:				
Trade Receivables	(1,618)	(610)	(1,513)	3,251
Inventory	1,908	92	817	(395)
Other Current Assets	3,351	(656)	447	(789)
Trade Payables	2,523	(7,800)	3,345	6,503
Due to Related Parties	4,057	(138)	(144)	2,883
Amounts Due and Other Current Liabilities	(1,718)	336	(730)	2,957
Paid Financing Cost	-	-	(2,243)	(1,024)

SAR in 000s	financial year 2021G (Audited)	financial year 2022G (Audited)	financial year 2023G (Audited)	Six-month Period Ended 30 June 2024G (Management Information)
Cash Used in Operating Activities	8,503	(8,777)	(22)	13,386
Paid Zakat and Income Tax	(1,423)	(813)	(353)	(435)
Paid Employee Benefit Obligations	(692)	(661)	(1,146)	(663)
Net Cash Flows from (Used in) Operating Activities	11,781	(7,477)	5,525	18,254
Net Cash Flows from Investing Activities:				
Net Change in Financial Assets at Fair Value	4,392	40,478	4,255	(6,210)
Dividends from Subsidiaries	-	-	3,000	-
Procurement of Property, Plant, and Equipment	-	(137)	(1,213)	(169)
Revenues from the Procurement of Property, Plant, and Equipment	(1,039)	-	82	350
Net Cash Flows from (Used in) Investing Activities	3,354	40,342	6,123	(6,029)
Cash Flows from Financing Activities:				
Dividends	(18,967)	(2,501)	-	-
Received from Bank Facilities	-	-	1,500	-
Due from Related Parties	2,160	(27,214)	(10,369)	(10,682)
Paid Lease Liabilities	(1,245)	(3,357)	(2,835)	(1,314)
Net Cash Used in Financing Activities	(18,052)	(33,073)	(11,704)	(11,995)
Net Change in Cash and Cash Equivalents	(2,917)	(208)	(56)	229
Cash and Cash Equivalents at the Beginning of the Year/Period	3,799	882	674	617
Cash and Cash Equivalents at the End of the Year/Period	882	674	617	847
The Most Significant Non-Cash Transactions:				
Procurement of Financial Assets at Fair Value through Other Comprehensive Income through Credit Facilities	-	20,000	-	-
Repayment of Outstanding Credit Facilities through Financing	-	-	20,000	-
Unpaid Dividends	2,501	(14,555)	7,431	-
Unrealized Profits/(Losses) on Financial Assets at Fair Value through Other Comprehensive Income	16,513	23,049	779	(2,292)
Realized Profits/(Losses) on Financial Assets at Fair Value through Other Comprehensive Income	2,208	876	-	4,479
Conversions from Property, Plant, and Equipment to Available-for-Sale Assets	-	3,318	4,449	-
Conversions from Lease Liabilities to Dues	-	-	2,182	-
Total Non-Cash Transactions	21,222	32,688	34,842	2,187

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G, and 2023G, and Management Information.

Net Cash Resulted from (Used in) Operating Activities

Net cash flow from operating activities decreased from SAR 11.8 million in financial year 2021G to net cash flow used in operating activities amounting to SAR 7.5 million in financial year 2022G, primarily due to the net loss amounting to SAR 10.7 million during the period, compared to a loss of SAR 3.2 million in financial year 2021G, in addition to a decrease in trade payables.

Net cash flow from operating activities increased to SAR 5.5 million in financial year 2023G, primarily due to an increase in non-cash adjustments, particularly from the profit for the year before zakat and income tax realized during financial year 2023G, which amounting to SAR 1.1 million compared to a loss of SAR 10.7 million in financial year 2022G, in addition to an increase in trade payables, which in turn was partially offset by an increase in trade receivables.

Net cash flow from operating activities reached SAR 18.3 million for the six-month period ended 30 June 2024G, driven by non-cash adjustments of SAR 5.8 million, in addition to an increase in trade payables and the collection of receivables.

Net Cash Resulted from (Used in) Investing Activities

Net cash flow from investing activities increased from SAR 3.4 million in financial year 2021G to SAR 40.3 million in financial year 2022G, as a result of cash flows from net changes in financial assets at fair value amounting to SAR 40.5 million.

Net cash flow from investing activities decreased to SAR 6.1 million in financial year 2023G, primarily due to the decrease in net changes recorded for financial assets, as well as an addition of SAR 1.2 million to property, plant, and equipment during the period. This was partially offset by dividends of SAR 3.0 million from subsidiaries in financial year 2023G.

Net cash flow used in investing activities reached SAR 6.0 million for the six-month period ended 30 June 2024, driven by changes of SAR -6.2 million in financial assets, which was partially offset by the profits on the sale of property, plant, and equipment amounting to SAR 350 thousand.

Net Cash Used in Financing Activities

Cash flows from financing activities varied during the period, driven by movements in receivables from related parties, which increased by SAR 27.2 million, SAR 10.4 million, and SAR 10.7 million in financial year 2022G, financial year 2023G, and the six-month period ended 30 June 2024, respectively, as well as fluctuations in lease payments. This was partially offset by the SAR 1.5 million received from bank facilities in financial year 2023G.

5.7.2 Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)

5.7.2.1 Statement of Profit or Loss and Other Comprehensive Income

Table 65: : Statement of Profit or Loss and Other Comprehensive Income for the financial years ended 31 December 2021G, 2022G, and 2023G, and the six-month periods ended 30 June 2023G, and 2024G - EGP

EGP*000,000	financial year 2021G (Audited)	financial year 2022G (Audited)	financial year 2023G (Audited)	Annual Change 2021G - 2022G	Annual Change 2022G - 2023G	CAGR 2021G - 2023G	Six-month Period Ended 30 June 2023G (Unaudited)	Six-month Period Ended 30 June 2024G (Unaudited)	Annual Change Rate 2023G - 2024G
Sales	143,434	165,830	167,182	15.6%	0.8%	8.0%	94,076	104,307	10.9%
Cost of Sales	(112,358)	(120,165)	(112,559)	6.9%	(6.3%)	0.1%	(54,769)	(102,714)	87.5%
Gross Profit	31,076	45,665	54,623	46.9%	19.6%	32.6%	39,307	1,594	(95.9%)
Selling and Distribution Expenses	(3,668)	(6,012)	(8,849)	63.9%	47.2%	55.3%	(4,314)	(9,005)	108.7%
General and Administrative Expenses	(10,080)	(12,549)	(16,758)	24.5%	33.5%	28.9%	(8,781)	(12,826)	46.1%
Gross Profit	17,328	27,104	29,016	56.4%	7.1%	29.4%	26,212	(20,238)	(177.2%)
Credit Interest	2,054	3,532	5,410	72.0%	53.2%	62.3%	2,752	450	(83.6%)
Currency Differences	209	-	-	(100.0%)	N/A	(100.0%)	(16,005)	(17,435)	8.9%
Expected Credit Losses	(2,855)	-	-	(100.0%)	N/A	(100.0%)	-	-	N/A
Change in Fair Value of Financial Investments through Profit or Loss	-	-	8,612	N/A	N/A	N/A	-	(3,287)	N/A
Profits from the Sale of Financial Investments at Fair Value through Profit or Loss	-	-	-	N/A	N/A	N/A	(127)	20,571	(16346.2%)
Dividends from Financial Investments	-	-	219	N/A	N/A	N/A	-	1,233	N/A
Other Revenues	2,001	820	32,713	(59.0%)	3889.6%	304.3%	32,379	1	(100.0%)
Other Expenses	-	(16,469)	(22,055)	N/A	33.9%	N/A	-	-	N/A

EGP'000,000	financial year 2021G (Audited)	financial year 2022G (Audited)	financial year 2023G (Audited)	Annual Change 2021G - 2022G	Annual Change 2022G - 2023G	CAGR 2021G - 2023G	Six-month Period Ended 30 June 2023G (Unaudited)	Six-month Period Ended 30 June 2024G (Unaudited)	Annual Change Rate 2023G - 2024G
Proceeds from Previously Written-off Debts	-	-	-	N/A	N/A	N/A	22	2	(91.0%)
Reversal of Deferred Credit Losses	-	-	-	N/A	N/A	N/A	(56)	(70)	23.6%
Capital Profits/Losses	-	-	-	N/A	N/A	N/A	(1)	-	(100.0%)
Net Profit/(Loss) Before Tax	18,736	14,987	53,915	(20.0%)	259.7%	69.6%	45,177	(18,773)	(141.6%)
Income Tax	(4,854)	(7,134)	(11,229)	47.0%	57.4%	52.1%	(7,889)	-	(100.0%)
Deferred Tax	(312)	(200)	(46)	(36.0%)	(76.7%)	(61.4%)	41	(5)	(112.1%)
Net Income for the year	13,570	7,653	42,639	(43.6%)	457.1%	77.3%	37,329	(18,778)	(150.3%)

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G, and 2023G, and unaudited condensed financial statements for the six-month period ended 30 June 2024G.

Table 66: : Key Performance Indicators (KPIs) for the financial years ended 31 December 2021G, 2022G, and 2023G, and the six-month periods ended 30 June 2023G, and 2024G

KPIs	financial year 2021G (Manage- ment Infor- mation)	financial year 2022G (Manage- ment Infor- mation)	financial year 2023G (Manage- ment Infor- mation)	Annual Change 2021G - 2022G	Annual Change 2022G - 2023G	CAGR 2021G - 2023G	Six-month Period Ended 30 June 2023G (Manage- ment Infor- mation)	Six-month Period Ended 30 June 2024G (Manage- ment Infor- mation)	Annual Change Rate 2023G - 2024G
As a Percentage of Revenue									
Gross Profit	21.7%	27.5%	32.7%	5.9	5.1	11.0	41.8%	1.5%	(40.3)
Selling and Distribution Expenses	(2.6%)	(3.6%)	(5.3%)	(1.1)	(1.7)	(2.7)	(4.6%)	(8.6%)	(4.0)
General and Administrative Expenses	(7.0%)	(7.6%)	(10.0%)	(0.5)	(2.5)	(3.0)	(9.3%)	(12.3%)	(3.0)
Profit/(Loss) Before Tax	13.1%	9.0%	32.2%	(4.0)	23.2	19.2	48.0%	(18.0%)	(66.0)
Net Profit	9.5%	4.6%	25.5%	(4.8)	20.9	16.0	39.7%	(18.0%)	(57.7)

Source: Management Information.

Table 67: : Statement of Profit and Loss and Other Comprehensive Income for the financial years ended 31 December 2021G, 2022G, and 2023G, and the six-month periods ended 30 June 2023G, and 2024G - SAR

SAR in 000s	financial year 2021G (Audited)	financial year 2022G (Audited)	financial year 2023G (Audited)	Annual Change 2021G - 2022G	Annual Change 2022G - 2023G	CAGR 2021G - 2023G	Six-month Period Ended 30 June 2023G (Unaudited)	Six-month Period Ended 30 June 2024G (Unaudited)	Annual Change Rate 2023G - 2024G
Sales	34,264	31,574	20,359	(7.9%)	(35.5%)	(22.9%)	11,489	9,309	(19.0%)
Cost of Sales	(26,841)	(22,880)	(13,707)	(14.8%)	(40.1%)	(28.5%)	(6,689)	(9,166)	37.0%
Gross Profit	7,424	8,695	6,652	17.1%	(23.5%)	(5.3%)	4,800	142	(97.0%)
Selling and Distribution Expenses	(876)	(1,145)	(1,078)	30.6%	(5.9%)	10.9%	(527)	(804)	52.5%
General and Administrative Expenses	(2,408)	(2,389)	(2,041)	(0.8%)	(14.6%)	(7.9%)	(1,072)	(1,145)	6.7%
Gross Profit	4,139	5,161	3,533	24.7%	(31.5%)	(7.6%)	3,201	(1,806)	(156.4%)
Credit Interest	-	673	659	N/A	(2.0%)	N/A	336	40	(88.0%)
Financing Costs	478	-	-	(100.0%)	N/A	(100.0%)	-	-	N/A
Currency Translation Differences	50	-	-	(100.0%)	N/A	(100.0%)	(1,955)	(1,556)	(20.4%)
Expected Credit Losses	(616)	-	-	(100.0%)	N/A	(100.0%)	(13)	(6)	(50.7%)
Impairment Losses of Receivables	(66)	-	-	(100.0%)	N/A	(100.0%)	-	-	N/A
Change in the Fair Value of Financial Investments through Profits and Losses	-	-	1,049	N/A	N/A	N/A	-	(293)	N/A
Profits from the Sale of Financial Investments at Fair Value through Profit or Loss	-	-	-	N/A	N/A	N/A	-	1,836	N/A
Losses from Financial Investments	-	-	-	N/A	N/A	N/A	(15)	-	(100.0%)
Reversal of Deferred Credit Losses	-	-	-	N/A	N/A	N/A	6	-	(100.0%)
Capital Losses	-	-	-	N/A	N/A	N/A	(0)	-	(100.0%)
Dividends from Financial Investments	-	-	27	N/A	N/A	N/A	-	110	N/A
Other Revenue	491	156	3,984	(68.2%)	2451.6%	184.9%	3,954	0	(100.0%)
Proceeds from Previously Written-off Debts	-	-	-	N/A	N/A	N/A	3	0	(93.5%)
Revenue from the Sale of Assets	-	-	-	N/A	N/A	N/A	-	-	N/A
Other Expenses	-	(3,136)	(2,686)	N/A	(14.3%)	N/A	-	-	N/A
Net Profit/(Loss) Before Tax	4,476	2,854	6,565	(36.2%)	130.1%	21.1%	5,517	(1,675)	(130.4%)
Income Tax	(1,160)	(1,358)	(1,367)	17.1%	0.7%	8.6%	(963)	-	(100.0%)
Deferred Tax	(75)	254	(6)	(441.3%)	(102.2%)	(72.4%)	5	(0)	(108.9%)
Net Income for the year	3,242	1,750	5,192	(46.0%)	196.8%	26.6%	4,559	(1,676)	(136.8%)

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G, and 2023G, and unaudited condensed financial statements for the six-month period ended 30 June 2024G.

Note: The special purpose financial statements and the unaudited interim condensed financial statements have been issued in Egyptian pounds. The above tables have been converted to Saudi riyals for convenience using an exchange rate of SAR 1 = EGP 4.2 in financial year 2021G, EGP 5.3 in financial year 2022G, EGP 8.2 in financial year 2023G and the six-month period ended 30 June 2023G, and EGP 11.2 in the six-month period ended 30 June 2024G.

Table 68: : Key Performance Indicators (KPIs) for the financial years ended 31 December 2021G, 2022G, and 2023G and the six-month periods ended 30 June 2023G, and 2024G

KPIs	financial year 2021G (Management Information)	financial year 2022G (Management Information)	financial year 2023G (Management Information)	Annual Change 2021G - 2022G	Annual Change 2022G - 2023G	CAGR 2021G - 2023G	Six-month Period Ended 30 June 2023G (Management Information)	Six-month Period Ended 30 June 2024G (Management Information)	Annual Change Rate 2023G - 2024G
As a Percentage of Revenue									
Gross Profit	21.7%	27.5%	32.7%	5.9	5.1	11.0	41.8%	1.5%	(40.3)
Selling and Distribution Expenses	2.6%	3.6%	5.3%	1.1	1.7	2.7	4.6%	8.6%	4.0
General and Administrative Expenses	7.0%	7.6%	10.0%	0.5	2.5	3.0	9.3%	12.3%	3.0
Profit/(Loss) Before Tax	13.1%	9.0%	32.2%	(4.0)	23.2	19.2	48.0%	(18.0%)	(66.0)
Net Profit	9.5%	5.5%	25.5%	(3.9)	20.0	16.0	39.7%	(18.0%)	(57.7)

Source: Management Information.

Sales

Sales consist primarily of (1) foam sales by cubic meter (57.0% of the total during the historical period), (2) foam sales by kilogram (25.5% of the total), and (3) spring mattresses (15.4% of the total), in addition to foam mattresses, furniture, and beds.

The Company offers a limited product range compared to Global Marketing Company for Sleeping Systems, and these products are primarily sold by wholesalers. There are no stores open in the Arab Republic of Egypt except for the new SH brand. Foam products are sold by (1) kilograms, for customers who purchase in bulk and process the product according to their needs, and by (2) cubic meters, for customers who order based on specific dimensions and preferences. It is worth noting that the subsidiary's sales in the Arab Republic of Egypt in Egyptian pounds (the currency of the subsidiary's financial statements) have increased during the reporting periods. For the purposes of preparing this report (in Saudi riyals), the subsidiary's financial statements translated into Saudi riyals were used, which resulted in translation differences related to the decline in the exchange rate of the Egyptian pound during the periods covered by this report, resulting in a decrease in sales translated into Saudi riyals.

Although sales in Egyptian pounds increased during the period, from EGP 143.4 million to EGP 165.8 million, the main reason for the decline in sales in Saudi riyals was the successive depreciation of the Egyptian pound exchange rate, resulting in a significant discrepancy between the parallel market and banking exchange rates, which led to differences in translation that resulted in this decline. Furthermore, sales decreased by 7.9%, from SAR 34.3 million in financial year 2021G to SAR 31.6 million in financial year 2022G, due to the decrease in sponge sales per kilogram amounting to SAR 4.7 million, linked to a 374,000 kilogram decrease in quantities sold. This decrease was primarily due to the decline in consumer purchasing power, in light of the currency devaluation, despite the average selling price remaining stable at SAR 11 per kilogram.

This was partially offset by an increase in (1) spring mattress sales of SAR 1.1 million related to an increase in quantities sold by 4.4 thousand units on the back of increased discounts given for spring mattresses, which increased from 26.2% of total sales to 30.6% and (2) foam sales per cubic meter by SAR 773 related to an increase in the average selling price from SAR 348 to SAR 369 on the back of reduced discounts, which decreased from 17.5% of sales to 11.5%, with a slight offset by a decrease in quantities sold.

During the period, despite the increase in sales in Egyptian pounds EGP 165.8 million to EGP 167.1 million, the main reason for the decline in sales in Saudi riyals is the successive depreciation of the Egyptian pound exchange rate, resulting in a significant discrepancy between the parallel market and banking exchange rates, which led to differences in translation that resulted in this decline. In addition, sales declined by 35.5% from SAR 31.6 million in financial year 2022G to SAR 20.4 million in financial year 2023G due to a general decline in quantities sold following a further impairment of the Egyptian pound exchange rate. Management adjusted product prices in January 2023 to reflect the dollar price in the parallel market, as there was a significant discrepancy between the dollar price in the parallel market and banking exchange rates. This translated into an increase in the average gross selling price of 73.0%, despite an increase in discounts as a percentage of total revenue from 14.4% to 21.0% during the same period.

Although sales in Egyptian pounds increased during the period from EGP 94.1 million to EGP 104.3 million, the main reason for the decline in sales in Saudi riyal is the successive depreciation of the exchange rate of the Egyptian pound, resulting in a significant discrepancy between the parallel market and banking exchange rates, which led to differences in translation that resulted in this decline. In addition, sales declined by 19.0% from SAR 11.5 million in the six-month period ended 30 June, 2023G, to SAR 9.3 million in the six-month period ended 30 June 2024G, due to a decrease in sales of sponges per cubic meter by SAR 2.2 million SAR associated with the decrease in the average selling price from SAR 658 to SAR 276, following an increase in discounts as a percentage of sales from 11.2% to 35.5% during the same period, with a slight offset by an increase in quantities sold by 6.8 thousand cubic meters. This was partially offset by sales from the new SH brand of SAR 117 thousand, following its launch towards the end of the second half of 2024G.

Cost of Sales

Cost of sales mainly consisted of: (1) raw materials and spare parts (93.1% of the total during the audited period), (2) employee costs (4.7% of the total), and others.

Although cost of sales in Egyptian pounds increased during the period from EGP 112.4 million to EGP 120.2 million, the reason for the decline in cost of sales in Saudi riyals is due to the successive depreciation of the Egyptian pound exchange rate, resulting in a significant discrepancy between the parallel market and banking exchange rates, which led to differences in translation that resulted in this decrease. Furthermore, the cost of sales decreased by 14.8%, from SAR 26.8 million in financial year 2021G to SAR 22.9 million in financial year 2022G. This decrease was due to a decline in raw materials by SAR 4.2 million due to lower purchases and quantities sold, as well as a decrease in raw material costs resulting from price stabilization following the COVID-19 pandemic. This was partially offset by a slight increase in the change in finished goods inventory amounting to SAR 349 thousand, in accordance with the company's periodic approach to calculating inventory levels at the end of the period.

Although the cost of sales in Egyptian pounds decreased during the period from EGP 120.2 million to EGP 112.6 million, the reason for the decline in the cost of sales in Saudi riyals is due to the successive depreciation of the Egyptian pound exchange rate, resulting in a significant discrepancy between the parallel market and banking exchange rates, which led to differences in translation that resulted in this decrease. Furthermore, the cost of sales decreased by 40.1% from SAR 22.9 million in financial year 2022G to SAR 13.7 million in financial year 2023G. This is mainly due to (1) the decline in raw materials and spare parts by SAR 8.0 million due to lower quantities sold and securing better prices with suppliers, and (2) a decrease in employee costs by SAR 274 thousand, in line with the decrease in the number of employees from 80 to 75, and a decrease in the average monthly cost per employee from SAR 1,136 to SAR 907, mainly due to the depreciation of the currency.

Although the cost of sales in Egyptian pounds increased during the period from EGP 54.8 million to EGP 102.7 million, the reason for the increase in the cost of sales in Saudi riyals is due to the successive depreciation of the Egyptian pound exchange rate, resulting in a significant discrepancy between the parallel market and banking exchange rates, which led to differences in translation that resulted in this decrease. Furthermore, the cost of sales increased by 37.0%, from SAR 6.7 million in the six-month period ended 30 June 2023G, to SAR 9.2 million in the six-month period ended 30 June 2024G. This increase was due to an increase in raw materials and spare parts by SAR 2.6 million, which were negatively impacted by the currency floatation in the six-month period ended 30 June 2024G, which led to an increase in foreign purchase costs, in addition to an increase in the quantities sold during the period.

Gross Profit

Gross profit increased by 17.1% from SAR 7.4 million in financial year 2021G to SAR 8.7 million in financial year 2022G, due to a 14.8% decrease in cost of sales, from SAR 26.8 million in financial year 2021G to SAR 22.9 million in financial year 2022G. This decrease was due to a SAR 4.2 million decrease in raw materials due to lower purchases and quantities sold, as well as a decrease in raw material costs, resulting from price stability following the COVID-19 pandemic.

This was partially offset by a 7.9% decrease in revenue, from SAR 34.3 million in financial year 2021G to SAR 31.6 million in financial year 2022G. This decrease was due to a SAR 4.7 million decrease in sponge sales per kilogram, which was related to a decrease of 374,000 kilograms in quantities sold, primarily due to reduced consumer purchasing power due to the depreciation of the currency. Gross profit margin increased from 21.7% in financial year 2021G to 27.5% in financial year 2022G as the decrease in cost of sales was more than the decrease in sales.

Although the gross profit in Egyptian pounds increased during the period from EGP 45.7 million to EGP 54.6 million, the reason for the decrease in the gross profit in Saudi riyals is due to the successive depreciation of the Egyptian pound exchange rate, resulting in a significant discrepancy between the parallel market and banking exchange rates, which led to differences in translation that resulted in this decrease. Moreover, the gross profit decreased by 23.5% from SAR 8.7 million in financial year 2022G to SAR 6.7 million in financial year 2023G due to a 35.5% decrease in sales from SAR 31.6 million in financial year 2022G to SAR 20.4 million in financial year 2023G, in line with the general decline in sales quantities following devaluation of the Egyptian pound. Despite the increase in sales in Egyptian pounds during the period from EGP 165.8 million to EGP 167.1 million, the reason for the decrease in sales in Saudi riyals is mainly due to the successive depreciation of the Egyptian pound exchange rate, resulting in a significant discrepancy between the parallel market and banking exchange rates, which led to differences in translation that resulted in this decline. Management adjusted product prices in January 2023 to reflect the dollar rate in the parallel market. This was partially offset by a 40.1% decrease in cost of sales, from SAR 22.9 million in financial year 2022G to SAR 13.7 million in financial year 2023G. This is mainly due to (1) the decline in raw materials and spare parts by SAR 8.0 million due to lower quantities sold and securing better prices with suppliers, and (2) a decrease in employee costs by SAR 274 thousand, in line with the decrease in the number of employees from 80 to 75. Gross profit margin increased from 27.5% in financial year 2022G to 32.7% in financial year 2023G, as the decrease in cost of sales was more than the decrease in sales.

Gross profit decreased by 97.0% from SAR 4.8 million in the six-month period ended 30 June 2023G to SAR 142 thousand in the six-month period ended 30 June 2024G, as a result of (1) a 37.0% increase in the cost of sales from SAR 6.7 million in the six-month period ended 30 June 2023G to SAR 9.2 million in the six-month period ended 30 June 2024G, due to an increase in raw materials and spare parts by SAR 2.6 million. It should be noted that the successive increase in the cost of production resulting from price increases of basic raw materials used in the activity, especially those imported from abroad, makes it difficult to pass these increases directly to the end consumer. The Company bears the burden of currency differences amounting to EGP 16.6 million resulting from differences in the value of external receivables to suppliers as a result of the flotation that occurred in the first quarter of 2024G under a sovereign decision, and (2) a 19.0% decrease in sales from SAR 11.5 million in the six-month period ended 30 June 2023G, to SAR 9.3 million in the six-month period ended 30 June 2024G, due to a SAR 2.2 million decrease in sponge sales per cubic meter associated with a lower average selling price after increased discounts. Gross profit margin decreased from 41.8% in the six-month period ended 30 June 2023G, to 1.5% in the six-month period ended 30 June 2024G, due to the decrease in both cost of sales and sales for the period.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of employee costs (38.2% of the total during the historical period), sales commissions (14.9% of the total), and depreciation of property and equipment (5.4% of the total), in addition to other items.

Selling and distribution expenses increased by 30.6% from SAR 876 thousand in financial year 2021G to SAR 1.1 million in financial year 2022G, driven by an increase in employee costs of SAR 75 thousand resulting from the increase in the number of employees from 9 to 15. This increase was partially offset by a decrease in the average monthly cost per employee from SAR 3.3 thousand to SAR 2.4 thousand, primarily due to currency devaluation, and a decrease in sales commissions of SAR 50 thousand.

Selling and distribution expenses remained relatively stable at SAR 1.1 million during financial year 2022G and financial year 2023G.

Selling and distribution expenses increased by 52.5% from SAR 527 thousand in the six-month period ended 30 June 2023G to SAR 804 thousand in the six-month period ended 30 June 2024G, driven by an increase in advertising expenses of SAR 115 thousand incurred during the period related to marketing and advertising campaigns for the opening of the new SH brand showroom, and an amortization of the right-of-use assets associated with the lease of the new SH brand showroom by SAR 99 thousand, in addition to applying the International Financial Reporting Standard (IFRS) by Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) starting from FY24G.

General and Administrative Expenses

General and administrative expenses consist primarily of employee expenses (42.9% of the total during the audited period), consulting and professional services fees (11.7% of the total), travel, hospitality, and reception expenses (9.7% of the total), and other expenses.

General and administrative expenses remained relatively stable at SAR 2.4 million during financial year 2021G and financial year 2022G.

General and administrative expenses decreased by 14.6% from SAR 2.4 million in financial year 2022G to SAR 2.0 million in financial year 2023G, driven by a SAR 241 thousand decrease in employee expenses, primarily due to a reduction in overtime, incentives, and bonuses due to the economic situation, and a SAR 120 thousand decrease in professional and consulting fees.

General and administrative expenses remained stable at SAR 1.1 million during the six-month periods ended 30 June 2023G and 2024G.

Credit Interest

Interest Credit relates to bank interest income generated from cash deposits in Egyptian banks, where banks offer interest on these deposits. Interest income reached SAR 478 thousand, SAR 673 thousand, SAR 659 thousand, and SAR 40 thousand, respectively, during financial year 2021G, financial year 2022G, financial year 2023G, and the six-month period ended 30 June 2024G, respectively.

Currency Differences

Currency differences decreased from SAR 50 thousand in financial year 2021G to zero in financial year 2022G and financial year 2023G due to the reclassification of translation differences to other expenses by the new auditor.

Negative currency differences of SAR 2.0 million and SAR 1.6 million were recorded in the six-month period ended 30 June 2023G, and the six-month period ended 30 June 2024G, respectively, due to the sovereign decision to float the Egyptian pound. Negative translation differences were recorded during the six-month periods as a result of the currency devaluation due to the sovereign decision to float the Egyptian pound.

Expected Credit Losses

Expected credit losses reached SAR 616 thousand in financial year 2021G and zero in financial year 2022G and financial year 2023G due to the reclassification of this provision to other expenses based on the calculations reviewed by the auditor, which are in accordance with accounting standards. Expected credit loss provisions of SAR 13 thousand and SAR 6 thousand were recorded for the six-month period ended 30 June 2023G and the six-month period ended 30 June 2024G, respectively, based on the calculation reviewed by the auditor in line with accounting standards.

Change in Fair Value of Financial Investments through Profit or Loss

The change in fair value of financial investments through profit or loss increased from zero in financial year 2021G and financial year 2022G to SAR 1.0 million in financial year 2023G due to an increase in the fair value of investments in the Egyptian Exchange.

The change in fair value of financial investments through profit or loss decreased from zero in the six-month period ended 30 June 2023G, to SAR -293 thousand in the six-month period ended 30 June 2024G, due to a decrease in the value of investments in the Egyptian Exchange.

Gains on Sale of Financial Investments at Fair Value through Profit or Loss

Gains on sale of financial investments at fair value through profit or loss increased from SAR 0 in the six-month period ended 30 June 2023G, to SAR 1.8 million in the six-month period ended 30 June 2024G, primarily due to the sale of investments related to Talaat Moustafa Group and Abu Qir Fertilizers and Chemicals Industries Company.

Dividends from Financial Investments

Dividends from financial investments amounted to SAR 27 thousand in financial year 2023G and SAR 110 thousand in the six-month period ended 30 June 2024G.

Other Expenses

Other expenses increased from zero in financial year 2021G to SAR 3.1 million in financial year 2022G due to the reclassification of provisions for credit losses and exchange rate differences to “other expenses” by the new auditor, as these expenses were presented separately in financial year 2021G.

Other expenses decreased by 14.3% from SAR 3.1 million in financial year 2022G to SAR 2.7 million in financial year 2023G due to a decrease in translation differences of SAR 367 thousand and credit provisions of SAR 83 thousand, which are normally calculated at the end of the year. Therefore, no balance was recorded in the six-month period ended 30 June 2023G and 2024G, based on the calculations audited in line with accounting standards.

Income Tax

Income tax amounted to SAR 1.2 million, SAR 1.4 million, and SAR 1.4 million in financial year 2021G, financial year 2022G, and financial year 2023G, respectively. Income tax decreased from SAR 963 thousand in the six-month period ended 30 June 2023G, to zero in the six-month period ended 30 June 2024G, due to losses recorded during the six-month period ended 30 June 2024G.

Deferred Tax

Income tax is calculated using a tax rate of 22.5% in accordance with Egyptian laws and regulations. Deferred tax increased from SAR -75 thousand in financial year 2021G to a reversal of SAR 254 thousand in financial year 2022G, due to a difference between net accounting assets and net tax assets.

Deferred tax decreased from SAR 254 thousand in financial year 2022G to SAR -6 thousand in financial year 2023G due to translation differences of SAR -103 thousand.

No deferred tax was recorded for the six-month period ended 30 June 2024G due to losses recorded during the period.

Net Income

Net income decreased by 46.0% from SAR 3.2 million in financial year 2021G to SAR 1.8 million in financial year 2022G due to other expenses of SAR 3.1 million related to expected credit losses and exchange rate differences that the auditors classified together as of financial year 2022G, partially offset by the increase in gross profit.

Net income increased by 196.8% from SAR 1.8 million in financial year 2022G to SAR 5.2 million in financial year 2023G, driven by an increase in other income of SAR 3.8 million due to the write-off of the remaining credit facility provision balance and a change in the fair value of financial assets held at fair value through profit or loss of SAR 1.0 million added in financial year 2023G, partially offset by the decrease in sales during the period.

Net income decreased by 136.8% from SAR 4.6 million in the six-month period ended 30 June 2023G, to a net loss of SAR 1.7 million in the six-month period ended 30 June 2024G, due to the currency devaluation and floatation that occurred in the six-month period ended 30 June 2024G, resulting in more expensive foreign purchases and increased discounts.

5.7.2.2 Statement of Financial Position

Table 69: : Statement of Financial Position as of 31 December 2021G, 2022G, 2023G, and as of 30 June 2024G - EGP

EGP'000,000	as of 31 December 2021G, (Audited)	as of 31 December 2022G (Audited)	as of 31 December 2023G (Audited)	as of 30 June 2024G (Unaudited)
Assets				
Non-Current Assets				
Fixed Assets	32,678	31,618	30,318	35,143
Projects in Progress	-	21	38	-
Right-of-Use Assets	-	-	-	16,684
Total Non-Current Assets	32,678	31,639	30,356	51,827

EGP'000,000	as of 31 December 2021G, (Audited)	as of 31 December 2022G (Audited)	as of 31 December 2023G (Audited)	as of 30 June 2024G (Unaudited)
Current Assets				
Inventory	44,367	51,747	66,383	58,847
Customers and Notes Receivable	19,467	18,184	15,870	24,459
Receivables and Other Debit Balances	6,714	2,313	6,130	33,500
Investments at Fair Value through Profit or Loss	-	-	23,728	11,204
Investments at Fair Value through Comprehensive Income	-	-	35,345	47,267
Due from Related Parties	-	-	5,503	-
Cash and Cash Equivalents	40,422	98,132	31,902	19,196
Total Current Assets	110,970	170,376	184,861	194,473
Total Assets	143,648	202,016	215,217	246,300
Equity and Liabilities				
Equity				
Capital	50,000	50,000	50,000	50,000
Statutory Reserve	5,512	5,512	7,634	7,634
Profits of the Period	-	-	45,040	(18,778)
Reserve for Changes in Fair Value of Investments	-	-	254	11,980
Reserve for Translation Differences	-	-	-	-
Retained Earnings	48,688	50,637	48,515	93,555
Total Equity	104,200	106,149	151,444	144,391
Liabilities				
Non-Current Liabilities				
Lease Liabilities – Non-Current Portion	3,278	3,477	-	13,113
Deferred Tax Obligations	-	-	3,524	3529
Total Non-Current Liabilities	3,278	3,477	3,524	16,642
Current Liabilities				
Credit Facilities from Banks	16,883	26,103	-	-
Advance from Customers	149	1,272	774	1,624
Suppliers and Notes Payable	11,654	47,989	39,855	53,123
Accounts Payable and Other Current Obligations	7,265	10,910	5,328	7,474
Due to Related Parties	26	648	-	14,259
Lease Liabilities – Current Portion	-	-	-	3,322
Provisions	193	5,466	5,464	5,464
Current Tax Income	-	-	8,828	-
Total Current Liabilities	36,170	92,389	60,249	85,267
Total Liabilities	39,448	95,867	63,773	101,909
Total Equity and Liabilities	143,648	202,016	215,217	246,300

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G, and 2023G, and unaudited condensed financial statements for the six-month period ended 30 June 2024G.

Table 70: : Statement of Financial Position as of 31 December 2021G, 2022G, 2023G, and as of 30 June 2024G - SAR

SAR in 000s	as of 31 December 2021G, (Audited)	as of 31 December 2022G, (Audited)	as of 31 December 2023G, (Audited)	as of 30 June 2024G, (Unaudited)
Assets				
Non-Current Assets				
Fixed Assets	7,806	4,807	3,680	2,745
Projects in Progress	-	3	5	-
Right-of-Use Assets	-	-	-	1,303
Total Non-Current Assets	7,806	4,810	3,685	4,048
Current Assets				
Inventory	10,598	7,867	8,058	4,596
Customers and Notes Receivable	4,650	2,764	1,926	1,910
Receivables and Other Debit Balances	1,604	352	744	2,617
Investments at Fair Value through Profit or Loss	-	-	2,880	875
Investments at Fair Value through Comprehensive Income	-	-	4,290	3,692
Due from Related Parties	-	-	668	-
Cash and Cash Equivalents	9,656	14,918	3,872	1,499
Total Current Assets	26,508	25,900	22,439	15,190
Total Assets	34,315	30,710	26,124	19,238
Equity and Liabilities				
Equity				
Capital	32,774	32,774	32,774	32,774
Statutory Reserve	1,820	1,820	2,319	2,319
Profits of the Period	-	-	-	(1,676)
Reserve for Changes in Fair Value of Investments	-	-	31	1,077
Reserve for Translation Differences	(22,355)	(31,991)	(35,260)	(41,736)
Retained Earnings	12,652	13,535	18,519	18,519
Total Equity	24,891	16,137	18,383	11,278
Liabilities				
Non-Current Liabilities				
Lease Liabilities – Non-Current Portion	-	-	-	1,024
Deferred Tax Obligations	783	529	428	276
Total Non-Current Liabilities	783	529	428	1,300
Current Liabilities				
Credit Facilities from Banks	4,033	3,968	-	-
Advance from Customers	36	193	94	127
Suppliers and Notes Payable	2,784	7,295	4,838	4,149
Accounts Payable and Other Current Obligations	1,736	1,658	647	584
Due to Related Parties	7	99	-	1,114
Lease Liabilities – Current Portion	-	-	-	259
Provisions	46	831	663	427
Current Tax Income	-	-	1,072	-
Total Current Liabilities	8,641	14,045	7,313	6,660
Total Liabilities	9,424	14,573	7,741	7,960
Total Equity and Liabilities	34,315	30,710	26,124	19,238

Source: Audited financial statements for the financial years ended 31 December 2021G, 2022G, and 2023G, and unaudited condensed financial statements for the six-month period ended 30 June 2024G.

Note: The special purpose financial statements and the unaudited interim condensed financial statements have been issued in Egyptian pounds. The above tables have been converted to Saudi riyals for convenience using an exchange rate of SAR 1 = EGP 4.2 in financial year 2021G, EGP 5.3 in financial year 2022G, EGP 8.2 in financial year 2023G, and EGP 11.2 in the six-month period ended 30 June 2024G.

Non-current assets

Non-current assets amounted to SAR 4.0 million as of 30 June 2024G, which included (1) fixed assets (SAR 2.7 million) and (2) right-of-use assets (SAR 1.3 million).

Non-current assets decreased from SAR 7.8 million as of 31 December 2021G, to SAR 4.8 million as of 31 December 2022G, due to a SAR 3.0 million decrease in fixed assets, primarily due to translation differences of SAR 2.8 million resulting from the devaluation of the Egyptian pound.

Non-current assets decreased from SAR 4.8 million as of 31 December 2022G, to SAR 3.7 million as of 31 December 2023G, due to a SAR 1.1 million decrease in fixed assets, primarily due to translation differences of SAR 968 thousand resulting from the devaluation of the Egyptian pound.

Non-current assets increased from SAR 3.7 million as of 31 December 2023G, to SAR 4.0 million as of 30 June 2024G, due to an increase in right-of-use assets of SAR 1.3 million following the leasing of the first SH showroom by Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High), starting from FY24G. This was partially offset by a decrease in fixed assets of SAR 935 thousand related to translation differences of SAR 1.4 million, which was partially offset by additions of SAR 570 thousand during the period.

Current Assets

as of 30 June 2024G, current assets totaled SAR 15.2 million, comprising: (1) : (1) Inventory, amounting to SAR 4.6 million; (2) Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI), at SAR 3.7 million; (3) Receivables and Other Debit Balances, totaling SAR 2.6 million; (4) Trade Receivables, standing at SAR 1.9 million; (5) Cash and Cash Equivalents, at SAR 1.5 million; and (6) Investments at Fair Value Through Profit or Loss (FVTPL), valued at SAR 875 thousand.

While current assets denominated in Egyptian Pounds rose from EGP 111.0 million to EGP 170.4 million during the period, the corresponding decline in current assets when translated to Saudi Riyals is primarily attributed to the continuous weakening of the Egyptian Pound's exchange rate. This created a substantial divergence between parallel market and banking exchange rates, leading to significant translation adjustments that negatively impacted the Saudi Riyal equivalent. As a result, current assets fell from SAR 26.5 million on 31 December 2021G to SAR 25.9 million on 31 December 2022G. This decline was driven by:

1. A SAR 2.7 million decrease in inventory, stemming from reduced foam casting production, with utilization dropping from 54.1% to 42.7% during the period, enabling the Company to consume existing inventory.
2. A SAR 1.9 million decrease in trade receivables, aligned with lower sales for the period, compounded by a SAR 132 thousand expected credit loss provision, compared to no provision on 31 December 2021G.
3. A SAR 1.3 million decrease in receivables and other debit balances, primarily due to a SAR 1.0 million reduction in supplier advances.

This was partially offset by a SAR 5.3 million increase in cash and cash equivalents, predominantly attributable to substantial cash flows from operating activities.

While current assets denominated in Egyptian Pounds rose from EGP 170.4 million to EGP 184.9 million during the period, the corresponding decline in current assets when translated to Saudi Riyals is primarily attributed to the continuous weakening of the Egyptian Pound's exchange rate. This created a substantial divergence between parallel market and banking exchange rates, leading to significant translation adjustments that negatively impacted the Saudi Riyal equivalent. Consequently, current assets fell from SAR 25.9 million as of 31 December 2022G to SAR 22.4 million as of 31 December 2023G, primarily due to a SAR 11.0 million reduction in cash and cash equivalents. This decline was partially offset by a SAR 2.9 million increase in financial assets measured at FVTPL, resulting from new additions during the period, and a notable increase in financial assets measured at FVOCI from zero as of 31 December 2022G to SAR 4.3 million as of 31 December 2023G.

Current assets fell from SAR 22.4 million at 31 December 2023G to SAR 15.2 million as of 30 June 2024G, primarily due to a decrease in:

1. Inventory by SAR 3.5 million, primarily due to a SAR 3.9 million decrease in raw materials as the Company controlled raw material procurement and implemented an internal production quota amidst currency volatility,
2. Cash and cash equivalents by SAR 2.4 million,
3. Financial assets at FVTPL by SAR 2.0 million.

This decrease was partially offset by a SAR 1.9 million increase in receivables and other debit balances, linked to higher supplier advances in response to the economic climate.

Equity

As of 30 June 2024G, the balance of equity stood at SAR 11.3 million, comprising: (1) Share Capital at SAR 32.8 million; (2) Statutory Reserve of SAR 2.3 million; (3) Fair Value Change Reserve for Investments at SAR 1.1 million; and (4) Retained Earnings of SAR 18.5 million. This was partially offset by (5) Foreign Currency Translation Reserve of SAR -41.7 million; and (6) a Loss for the Period of SAR -1.7 million.

While equity denominated in Egyptian Pounds rose from EGP 104.2 million to EGP 106.1 million, the corresponding decline in equity when translated to Saudi Riyals is mainly attributable to the continuous weakening of the Egyptian Pound's exchange rate. This created a substantial divergence between parallel market and banking exchange rates, leading to significant translation adjustments that negatively impacted the Saudi Riyal equivalent. As a result, equity fell from SAR 24.9 million as of 31 December 2021G to SAR 16.1 million as of 31 December 2022G, driven by a SAR -9.6 million reduction in the foreign currency translation reserve due to the Egyptian Pound's devaluation.

Equity increased from SAR 16.1 million as of 31 December 2022G to SAR 18.4 million as of 31 December 2023G. This rise was primarily due to the transfer of the previous year's net income to retained earnings, in addition to the current year's net income, which amounted to SAR 5.5 million.

Equity decreased to SAR 11.3 million as of 30 June 2024G, primarily due to a net loss for the year of SAR 1.7 million, in addition to an increased loss from the foreign currency translation reserve amounting to SAR -6.5 million.

Non-current Liabilities

Non-current liabilities totaled SAR 1.3 million as of 30 June 2024G and included: (1) The Non-current Portion of Lease Liabilities of SAR 1.0 million, and (2) Deferred Tax Liabilities of SAR 276 thousand.

While non-current liabilities denominated in Egyptian Pounds rose from EGP 3.3 million to EGP 3.5 million during the period, the corresponding decline in non-current liabilities when translated to Saudi Riyals is mainly attributable to the continuous weakening of the Egyptian Pound's exchange rate. This created a substantial divergence between parallel market and banking exchange rates, leading to significant translation adjustments that negatively impacted the Saudi Riyal equivalent. As a result, non-current liabilities fell from SAR 783 thousand as of 31 December 2021G to SAR 529 thousand as of 31 December 2022G, driven by a SAR 254 thousand reduction in deferred tax liabilities.

While non-current liabilities denominated in Egyptian Pounds held steady at EGP 3.5 million between 2022G and 2023G, the corresponding decline in non-current liabilities when translated to Saudi Riyals is mainly attributable to the continuous weakening of the Egyptian Pound's exchange rate. This created a substantial divergence between parallel market and banking exchange rates, leading to significant translation adjustments that negatively impacted the Saudi Riyal equivalent. As a result, non-current liabilities fell from SAR 529 thousand as of 31 December 2022G to SAR 428 thousand as of 31 December 2023G, driven by a SAR 101 thousand reduction in deferred tax liabilities.

Non-current liabilities increased from SAR 428 thousand as of 31 December 2023G to SAR 1.3 million as of 30 June 2024G. This was primarily due to a SAR 1.0 million rise in lease liabilities, resulting from the movement of right-of-use assets. This increase was partially offset by a SAR 152 thousand decrease in deferred tax liabilities.

Current Liabilities

as of 30 June 2024G, current liabilities totaled SAR 6.7 million, comprising: (1) Suppliers and Notes Payable at SAR 4.1 million, (2) Amount Due to a Related Party amounting to SAR 1.1 million, (3) Accounts Payable and Other Current of SAR 584 thousand, (4) Provisions at SAR 427 thousand, (5) Current Portion of Lease Liabilities, valued at SAR 259 thousand, and (6) Advances from Customers totaling SAR 127 thousand.

Current liabilities increased from SAR 8.6 million as of 30 December 2021G to SAR 14.0 million as of 30 December 2022G. This rise was due to a SAR 4.5 million increase in suppliers and notes payable, resulting from higher balances with certain suppliers, and a SAR 785 thousand increase in provisions.

Current liabilities fell from SAR 14.0 million as of 30 December 2022G to SAR 7.6 million as of 30 December 2023G, resulting from a SAR 4.0 million reduction in bank credit facilities, due to the write-off of the remaining credit facility provision, a SAR 2.5 million decrease in suppliers and notes payable mainly attributed to the settlement of outstanding balances with a key supplier amounting to SAR 2.2 million, and a SAR 1.0 million decrease in accounts payable and other current liabilities driven by a SAR 1.1 million decline in income tax payables.

Current liabilities decreased from SAR 7.6 million as of 30 December 2023G to SAR 6.7 million as of 30 June 2024G, due to a SAR 689 thousand reduction in suppliers and notes payable and a SAR 236 thousand decrease in provisions. This decline was partially offset by a SAR 1.1 million increase in amounts due to related parties.

5.7.2.3 Statement of Cash Flows

Table 71: : Statement of Cash Flows for the Financial Years Ended 31 December 2021G, 2022G, and 2023G, and the Six-Month Period Ended 30 June 2024G - EGP

EGP*000,000	financial year 2021G (Audited)	financial year 2022G (Audited)	financial year 2023G (Audited)	Six-Month Period Ended 30 June 2024G (Unaudited)
Net (Loss) Profit for the Period Before Tax	18,736	14,987	53,915	(18,773)
Adjustments	1,502	10,435	(32,226)	6,353
Operating Profit before Working Capital Changes	20,239	22,439	21,689	(12,420)
Change in:				
Inventory	(3,315)	(7,380)	(14,636)	7,536
Customers and Notes Receivable	(6,206)	416	2,373	(8,659)
Receivables and Other Debit Balances	(4,587)	4,401	(4,805)	(27,251)
Advance from Customers	25	1,123	(499)	850
Suppliers and Notes Payable	4,406	36,335	(8,134)	13,268
Payables and other Credit Balances	(2,529)	5,022	1,552	2,146
Lease Payments	-	-	-	(1,799)
Income Tax Paid	828	(3,677)	(6,146)	(8,828)
Net Cash Flows (Used in)/ From Operating Activities	7,206	58,680	(8,607)	(35,156)
Cash Flows from Investing Activities				
Payments for Purchase of Fixed Assets	(2,084)	(1,571)	(1,250)	(6,352)
Revenue from Investments at FVTPL	-	(21)	(16)	41,782
Payments for Investments at FVTPL	-	-	-	(32,545)
Investments at FVTPL	-	-	(15,115)	-
Investments at FVOCI	-	-	(35,090)	(197)
Payments for Purchase of Financial Investments	-	-	-	-
Payments for Projects Under Construction	-	-	-	-
Net Cash Flows From (Used in) Investing Activities	(2,084)	(1,592)	(51,472)	2,688
Cash Flows from Financing Activities:				
Increase in Amounts Due to Related Parties	-	-	-	14,259
Decrease in Amounts Due from Related Parties	-	-	-	5,503
Net Amounts Due to Related Parties	(7,727)	623	(6,151)	-
Net Cash Flows From (Used in) Financing Activities	(7,727)	623	(6,151)	19,762
Net Change in Cash and Cash Equivalents During the Year	(2,605)	57,711	(66,230)	(12,707)
Cash and Cash Equivalents at Beginning of Year	43,026	40,422	98,132	31,902
Cash and Cash Equivalents at End of Year	40,422	98,132	31,902	19,196

Source: Audited Financial Statements for the Financial Years Ended 31 December 2021G, 2022G, and 2023G, and the Unaudited Condensed Financial Statements for the Six-Month Period Ended 30 June 2024G.

Table 72: : Statement of Cash Flows for the Financial Years Ended 31 December 2021G, 2022G, 2023G, and the Six-Month Period Ending 30 June 2024G - SAR

SAR in 000s	financial year 2021G (Audited)	financial year 2022G (Audited)	financial year 2023G (Audited)	Six-Month Period Ended 30 June 2024G (Unaudited)
Net (Loss) Profit for the Period Before Tax	4,476	2,854	6,565	(1,675)
Adjustments	359	515	(4,714)	(605)
Operating Profit before Working Capital Changes	4,835	3,369	1,852	(2,280)
Change in:				
Inventory	(792)	2,732	(191)	589
Customers and Notes Receivable	-	-	-	(676)
Receivables and Other Debit Balances	(1,482)	1,803	872	-
Prepaid and Other Receivables	(1,096)	1,252	(388)	-
Receivables and Other Debit Balances	-	-	-	(2,129)
Advance from Customers	6	158	(100)	66
Suppliers and Notes Payable	1,053	4,511	(2,457)	1,036
Payables and other Credit Balances	(604)	(670)	73	168
Lease Payments	-	-	-	(140)
Net Cash Flows from Operating Activities	1,919	13,159	(340)	(3,366)
Income Tax Paid	(198)	(761)	(1,077)	(690)
Foreign Currency Translation Adjustments	-	(6,906)	(2,617)	-
Net Cash from Operating Activities	1,721	5,492	(4,035)	(4,056)
Cash Flows from Investing Activities				
Payments for Purchase of Fixed Assets	498	314	(152)	(567)
Revenue from Investments at FVTPL	-	-	-	3,263
Payments for Investments at FVTPL	-	-	-	(2,542)
Investments at FVTPL	-	-	-	-
Investments at FVOCI	-	-	-	(15)
Payments for Purchase of Financial Investments	-	-	(6,091)	-
Payments for Projects Under Construction	-	3	(1)	-
Net Cash Flows Used in Investing Activities	498	318	(6,244)	139
Cash Flows from Financing Activities:				
Increase in Amounts Due to the Parent Company	(1,846)	92	(766)	-
Increase in Amounts Due to Related Parties	-	-	-	1,114
Decrease in Amounts Due from Related Parties	-	-	-	430
Net Cash Flows Used in Financing Activities	(1,846)	92	(766)	1,544
Net Change in Cash and Cash Equivalents During the Year	(622)	5,262	(11,045)	(2,373)
Cash and Cash Equivalents at Beginning of Year	10,259	9,656	14,918	3,872
Translation Adjustments	19	-	-	-
Cash and Cash Equivalents at End of Year	9,656	14,918	3,872	1,499

Source: Audited Financial Statements for the Financial Years Ended 31 December 2021G, 2022G, and 2023G, and the Unaudited Condensed Financial Statements for the Six-Month Period Ended 30 June 2024G.

Note: The special purpose financial statements and the unaudited interim condensed financial statements were originally presented in Egyptian Pounds. For presentation purposes, the preceding tables have been translated into Saudi Riyals using an exchange rate of SAR 1 = EGP 4.2 for financial year 2021G, EGP 5.3 for financial year 2022G, EGP 8.2 for financial year 2023G, and EGP 11.2 for the six-month period ended 30 June 2024G.

Net Cash Flows (Used in) / From Operating Activities

Net cash flows from operating activities increased from SAR 1.7 million in financial year 2021G to SAR 5.5 million in financial year 2022G, primarily driven by a rise in accounts payable, coupled with a decrease in inventory. However, this was partially offset by a decline in net income in financial year 2022G to SAR 2.9 million, compared to SAR 4.5 million in financial year 2021G, as well as the impact of foreign currency translation adjustments amounting to SAR 6.9 million.

Net cash flows from operating activities decreased to SAR 4.0 million in financial year 2023G, primarily due to losses from foreign currency translation amounting to SAR 2.6 million, a decrease in accounts payable, as well as negative non-cash adjustments totaling SAR 4.7 million during the period. This was partially offset by an increase in net income recorded during the period.

Net cash flows used in operating activities amounted to SAR 4.1 million in the six-month period ended 30 June 2024G. This resulted from a net loss of SAR 1.7 million, coupled with an increase in advances and other receivables. This was partially offset by an increase in accounts payable.

Net Cash Flows From (Used in) Investing Activities

Net cash flows used in investing activities decreased from SAR 498 thousand in financial year 2021G to SAR 318 thousand in financial year 2022G due to a reduction in additions to property, plant, and equipment. However, net cash flows used in investing activities increased significantly from SAR 318 thousand in financial year 2022G to SAR 6.2 million in financial year 2023G, primarily resulting from payments related to the purchase of financial investments totaling SAR 6.1 million.

Net cash flows from investing activities amounted to SAR 139 thousand for the six-month period ended 30 June 2024G. This was driven by gains realized from financial assets at FVTPL, totaling SAR 3.3 million. This was partially offset by the purchase of financial assets at FVTPL amounting to SAR 2.5 million.

Net Cash Flows From (Used in) Financing Activities

Net cash flow from financing activities fluctuated during the audited period, consistent with the amounts due to the Parent Company. Cash flows used in financing activities amounted to SAR 1.8 million in financial year 2021G, then shifted to cash flows from financing activities of SAR 92 thousand in financial year 2022G, and before returning to cash flows used in financing activities of SAR 766 thousand in financial year 2023G. The net change in related party balances, amounting to SAR 1.5 million in the six-month period ended 30 June 2024G, resulted in cash flows from financing activities of SAR 1.5 million.

5.7.3 Emmdad Logistic Services LLC

5.7.3.1 Statement of Profit or Loss and Other Comprehensive Income

Table 73: : Statement of Profit or Loss and Other Comprehensive Income for the Financial Years Ended 31 December 2021G, 2022G, and 2023G, and the Six-Month Periods Ended 30 June 2023G and 2024G

SAR in 000s	financial year 2021G (Audited)	financial year 2022G (Audited)	financial year 2023G (Audited)	Annual Change 2021G -2022G	Annual Change 2022G -2023G	Compound Annual Growth Rate (CAGR) 2021G -2023G	Six-Month Period Ended 30 June 2023G (Management Information)	Six-Month Period Ended 30 June 2024G (Management Information)	Change for Six-Month Periods 2023G -2024G
Revenue	19,196	21,053	23,551	9.7%	11.9%	10.8%	11,968	12,883	7.6%
Cost of Revenue	(15,212)	(17,065)	(17,856)	12.2%	4.6%	8.3%	(8,783)	(9,704)	10.5%
Gross Profit	3,984	3,988	5,695	0.1%	42.8%	19.6%	3,185	3,179	(0.2%)
General and Administrative Expenses	(2,366)	(2,676)	(2,855)	13.1%	6.7%	9.8%	(1,435)	(1,536)	7.1%
Operating Loss	1,618	1,312	2,840	(18.9%)	116.5%	32.5%	1,750	1,643	(6.1%)
Finance Costs	(26)	(11)	(61)	(58.7%)	457.1%	51.7%	(15)	-	(100,0%)
Other Revenue	55	292	480	426.6%	64.6%	194.4%	204	154	(24.5%)
Net Loss Before Zakat and Income Tax	1,647	1,593	3,260	(3.3%)	104.6%	40.7%	1,939	1,796	(7.3%)

SAR in 000s	financial year 2021G (Audited)	financial year 2022G (Audited)	financial year 2023G (Audited)	Annual Change 2021G -2022G	Annual Change 2022G -2023G	Compound Annual Growth Rate (CAGR) 2021G -2023G	Six-Month Period Ended 30 June 2023G (Management Information)	Six-Month Period Ended 30 June 2024G (Management Information)	Change for Six-Month Periods 2023G -2024G
Reversal of Zakat Provision (Zakat Formed)	(117)	(342)	(176)	192.8%	(48.6%)	22.7%	(61)	(59)	(2.3%)
Net Profit	1,530	1,251	3,084	(18.2%)	146.5%	42.0%	1,878	1,737	(7.5%)

Source: Audited Financial Statements for the Financial Years Ended 31 December 2021G, 2022G, and 2023G, and Management Information

Table 74: : Key Performance Indicators for the Financial Years Ended 31 December 2021G, 2022G, and 2023G, and the Six-Month Periods Ended 30 June 2023G and 2024G

KPIs	financial year 2021G (Management Information)	financial year 2022G (Management Information)	financial year 2023G (Management Information)	Annual Change 2021G -2022G	Annual Change 2022G -2023G	Compound Annual Growth Rate (CAGR) 2021G - 2023G	Six-Month Period Ended 30 June 2023G (Management Information)	Six-Month Period Ended 30 June 2024G (Management Information)	Percentage Change for the Period 2023G – 2024G
As a percentage of Revenue									
Gross Profit	20.8%	18.9%	24.2%	(2)	5	3.4	26.6%	24.7%	(1.9)
General and Administrative Expenses	12.3%	12.7%	12.1%	0	(1)	(0.2)	12.0%	11.9%	(0.1)
Net Profit	8.0%	5.9%	13.1%	(2)	7	5.1	15.7%	13.5%	(2.2)

Source: Management Information

Revenue

Revenue consists of (1) Transportation, representing 71.4% of total revenue during the historical period, (2) Storage and Handling, accounting for 14.6% of the total, and (3) Home Delivery, making up 14.1% of the total.

All storage and handling services, and a portion of transportation services, were provided to Global Marketing Company for Sleeping Systems and SIDC Ceramic Plant (Casavia), with 40.0% of total revenue during the relevant period being recorded from a related party. The remaining percentage of transportation revenue, as well as home delivery revenue, originated from external customers.

Revenue increased by 9.7% from SAR 19.2 million in financial year 2021G to SAR 21.1 million in financial year 2022G. This growth was driven by (1) a SAR 1.2 million increase in transportation revenue, and (2) a SAR 611 thousand increase in home delivery revenue, resulting from a rise in the total number of trips from 8,687 to 9,685 during the same period.

Revenue increased by 11.9% from SAR 21.1 million in financial year 2022G to SAR 23.6 million in FY23. This growth was driven by (1) transportation revenue, which rose by SAR 2.0 million, and (2) home delivery revenue, which increased by SAR 450 thousand. This resulted from a rise in the total number of trips to 10,978 during the same period, while the average transportation revenue per trip remained stable at approximately SAR 1.6 thousand.

Revenue increased by 7.6% from SAR 12.0 million in the six-month period ended 30 June 2023G to SAR 12.9 million in the six-month period ended 30 June 2024G. This rise was driven by an increase in transportation revenue, primarily linked to third-party customers, which grew by SAR 1.0 million.

Cost of Revenue

Cost of revenue primarily consisted of (1) Employee Costs, which accounted for 30.4% of the total during the historical period, (2) Fuel and Transportation at 13.8% of the total, (3) Depreciation of Property, Plant, and Equipment representing 13.0% of the total, and (4) Travel Allowance contributing 11.2% to the total, in addition to other expenses.

The cost of revenue increased by 12.2%, from SAR 15.2 million in financial year 2021G to SAR 17.1 million in financial year 2022G. This rise was driven by: (1) an increase of SAR 575 thousand in employee costs, due to a rise in headcount from 140 to 148 employees, while the average monthly cost per employee remained stable at approximately SAR 2.8 thousand; (2) an increase of SAR 322 thousand in repair and maintenance costs; (3) a SAR 302 thousand rise in government expenses, primarily due to the renewal of drivers' residence permits and licenses; and (4) an increase of SAR 292 thousand in fuel and transportation costs, associated with the higher number of trips.

The cost of revenue increased by 4.6% from SAR 17.1 million in financial year 2022G to SAR 17.9 million in financial year 2023G. This rise was driven by: (1) an increase of SAR 325 thousand in fuel and transportation costs, resulting from both a higher number of trips and rising

fuel expenses; and (2) an increase of SAR 637 thousand in vehicle and equipment rental costs, due to the increased number of trips during the period which necessitated additional vehicles. This increase was partially offset by a SAR 225 thousand decrease in government expenses.

The cost of revenue increased by 10.5% from SAR 8.8 million in the six-month period ended 30 June 2023G to SAR 9.7 million in the six-month period ended 30 June 2024G. This rise was driven by: (1) an increase of SAR 452 thousand in fuel and transportation costs due to rising fuel prices, which was partially offset by a decrease of 568 trips; and (2) an increase of SAR 258 thousand in depreciation and spare parts costs due to higher spare parts consumption for vehicles used in maintenance, given the aging fleet.

Gross Profit

Gross profit remained stable at SAR 4.0 million in both financial year 2021G and financial year 2022G. However, the gross profit margin decreased from 20.8% in financial year 2021G to 18.9% in financial year 2022G. This decline occurred because the SAR 1.9 million increase in revenue was mirrored by an equivalent SAR 1.9 million increase in the cost of revenue during the period.

Gross profit increased by 42.8% from SAR 4.0 million in financial year 2022G to SAR 5.7 million in financial year 2023G, resulting from:

1. A SAR 2.5 million increase in revenue, driven by (1) transportation revenue, which rose by SAR 2.0 million; and (b) home delivery revenue, which increased by SAR 450 thousand. This was due to a rise in the total number of trips to 10,978 during the same period, while the average transportation revenue per trip remained stable at approximately SAR 1.6 thousand. This increase was partially offset by:
2. A SAR 791 thousand increase in cost of revenue, driven by (a) fuel and transportation costs, which rose by SAR 325 thousand due to both an increased number of trips and higher fuel expenses, and (b) vehicle and equipment rental costs, which increased by SAR 637 thousand as the higher number of trips during the period necessitated additional vehicles. This was partially offset by a SAR 225 thousand decrease in government expenses.

Gross profit margin rose to 24.2% in financial year 2023G, driven by increased revenue during the period, which facilitated better absorption of fixed costs.

Gross profit remained stable at SAR 3.2 million for both the six-month period ended 30 June 2023G and the six-month period ended 30 June 2024G. However, the gross profit margin decreased from 26.6% in the six-month period ended 30 June 2023G to 24.7% in the six-month period ended 30 June 2024G, as the increase in revenue was mirrored by an equivalent increase in the cost of revenue during the period.

General and Administrative Expenses

General and administrative expenses were largely comprised of (1) Employee Costs, accounting for 65.3% of the historical total; (2) Board of Directors' Compensation at 12.4% of the total; and (3) Government Expenses at 7.5% of the total, in addition to other costs.

General and administrative expenses saw a 13.1% rise, climbing from SAR 2.4 million in financial year 2021G to SAR 2.7 million in financial year 2022G, primarily propelled by a SAR 260 thousand increase in Board of Directors' compensation.

General and administrative expenses increased by 6.7% from SAR 2.7 million in financial year 2022G to SAR 2.9 million in financial year 2023G. This was driven by employee costs, which rose by SAR 191 thousand, associated with an increase in employee count from 7 to 8, while the average monthly cost per employee slightly decreased from SAR 19 thousand to SAR 18 thousand.

General and administrative expenses increased by 7.1% from SAR 1.4 million in the six-month period ended 30 June 2023G to SAR 1.5 million in the six-month period ended 30 June 2024G. This was due to a SAR 84 thousand increase in salaries and wages, linked to a rise in the average monthly cost per employee from SAR 20 thousand to SAR 22 thousand, while the number of employees remained stable at 8.

Finance Costs

Finance costs relate to interest on lease liabilities. These costs fluctuated throughout the historical period due to changes in right-of-use assets and lease payments made. Finance costs amounted to SAR 26 thousand, SAR 11 thousand, and SAR 61 thousand for financial year 2021G, financial year 2022G, and financial year 2023G, respectively, while reaching SAR 15 thousand in the six-month period ended 30 June 2023G. No finance costs were recorded under a separate line item for the six-month period ended 30 June 2024G, as SAR 33 thousand in finance costs were instead recognized under "Other" within general and administrative expenses.

Other Revenue

Other revenue primarily consisted of Human Resources Development Fund (HRDF) support, which accounted for 92.7% of the historical total, and gains from the sale of property, plant, and equipment, making up 5.7% of the total.

Other revenue increased by 435.0% from SAR 55 thousand in financial year 2021G to SAR 297 thousand in financial year 2022G, driven by a SAR 175 thousand rise in HRDF support.

Other revenue further increased by 62.0% from SAR 297 thousand in financial year 2022G to SAR 480 thousand in financial year 2023G, driven by a SAR 95 thousand increase in HRDF support.

Other revenue decreased by 24.5% from SAR 204 thousand in the six-month period ended 30 June 2023G to SAR 154 thousand in the six-month period ended 30 June 2024G. This was due to a SAR 44 thousand reduction in HRDF support.

(Zakat Formed)/ Reversal of Zakat Provision

(Zakat Formed)/ Reversal of Zakat Provision amounted to SAR 117 thousand, SAR 342 thousand, and SAR 176 thousand for financial year 2021G, financial year 2022G, and financial year 2023G, respectively. For the six-month periods ended 30 June 2023G and 30 June 2024G, these figures were SAR 61 thousand and SAR 59 thousand, respectively.

Net Profit

Net profit decreased by 18.2% from SAR 1.5 million in financial year 2021G to SAR 1.3 million in financial year 2022G, primarily driven by a SAR 310 thousand increase in general and administrative expenses during the period.

Net profit then increased by 146.5% to SAR 3.1 million in financial year 2023G, driven by increased revenue, which led to better absorption of fixed costs, alongside an increase in gross profit.

Net profit decreased by 7.5% from SAR 1.9 million in the six-month period ended 30 June 2023G to SAR 1.7 million in the six-month period ended 30 June 2024G. This was primarily due to the stability of the gross profit coupled with an increase in recorded general and administrative expenses.

5.7.3.2 Statement of Financial Position

Table 75: : Statement of Financial Position as of 31 December 2021G, 2022G, and 2023G, and as of 30 June 2024G

SAR in 000s	As of 31 December 2021G, (Audited)	As of 31 December 2022G, (Audited)	As of 31 December 2023G, (Audited)	As of 30 June 2024G, (Management Information)
Assets				
Non-current Assets				
Property, Plant, and Equipment	13,760	12,541	10,575	10,522
Right-of-Use Assets	1,289	604	1,180	1,633
Total Non-current Assets	15,049	13,144	11,755	12,155
Current Assets				
Cash and Cash Equivalents	520	1,120	1,439	543
Trade Receivables	1,029	1,344	1,399	1,493
Other Current Assets	543	622	667	1,214
Due from Related Parties	4,681	5,531	4,398	7,085
Inventory	91	174	141	299
Total Current Assets	6,864	8,792	8,044	10,633
Current Assets	21,913	21,936	19,798	22,788
Equity and Liabilities				
Equity				
Share Capital	9,000	9,000	9,000	9,000
Statutory Reserve	1,171	1,296	1,605	1,778
Reserve for Remeasurement of Employee Benefits Obligations	(371)	(98)	(1)	(1)
Retained Earnings	4,852	5,978	2,754	4,317
Total Equity	14,652	16,177	13,357	15,094
Liabilities				
Non-current Liabilities				
Employee Benefit Obligations	2,115	2,079	2,277	2,598
Lease Liabilities – Non-current Portion	630	-	595	-
Total Non-current Liabilities	2,745	2,079	2,872	2,598

SAR in 000s	As of 31 December 2021G, (Audited)	As of 31 December 2022G, (Audited)	As of 31 December 2023G, (Audited)	As of 30 June 2024G, (Management Information)
Current Liabilities				
Trade Payables	1,814	1,141	692	1,558
Other Current Liabilities	1,993	1,807	2,112	1,973
Zakat Payable	117	203	164	57
Lease Liabilities – Current Portion	592	529	602	1,508
Total Current Liabilities	4,516	3,680	3,569	5,096
Total Liabilities	7,261	5,759	6,441	7,694
Total Equity and Liabilities	21,913	21,936	19,798	22,788

Source: Audited Financial Statements for the Financial Years Ended 31 December 2021G, 2022G, and 2023G, and Management Information

Non-Current Assets

as of 30 June 2024G, non-current assets amounted to SAR 12.2 million. This balance was composed of Property, Plant, and Equipment at SAR 10.5 million, and Right-of-Use Assets at SAR 1.6 million.

Non-current assets decreased from SAR 15.0 million as of 31 December 2021G to SAR 13.1 million as of 31 December 2022G. This was due to (1) a SAR 1.2 million decrease in property, plant, and equipment balance, resulting from SAR 2.4 million in depreciation on vehicles and trailers, offset by additions of SAR 882 thousand for vehicles and trailers, and SAR 213 thousand for machinery and equipment, and (2) a SAR 685 thousand decrease in right-of-use assets balance, resulting from depreciation expenses recorded during the period.

Non-current assets decreased to SAR 11.8 million as of 31 December 2023G, due to a SAR 2.0 million decrease in the balance of property, plant, and equipment resulting from depreciation on vehicles and trailers, with a partial offset from an increase in the right-of-use assets balance due to additions of SAR 1.6 million during the period.

Non-current assets increased to SAR 12.2 million as of 30 June 2024G, due to a SAR 576 thousand increase in the right-of-use assets balance related to additions during the period.

Current Assets

as of 30 June 2024G, current assets amounted to SAR 10.6 million, consisting of the following key components: (1) amounts due from related parties of SAR 7.1 million; (2) trade receivables of SAR 1.5 million; (3) other current assets of SAR 1.2 million; (4) cash and cash equivalents of SAR 543 thousand; and (5) inventory of SAR 299 thousand.

The current assets balance increased from SAR 6.9 million as of 31 December 2021G to SAR 8.8 million as of 31 December 2022G. This was due to an increase in amounts due from related parties by SAR 850 thousand, resulting from transportation and storage services provided to SIDC Ceramic Plant (Casavia), an increase in trade receivables balance by SAR 315 thousand due to higher sales, and an increase in cash and cash equivalents balance by SAR 600 thousand.

The current assets balance then decreased from SAR 8.8 million as of 31 December 2022G to SAR 8.0 million as of 31 December 2023G. This was due to a SAR 1.1 million decrease in amounts due from related parties, resulting from settlements made with both Global Marketing Company for Sleeping Systems and SIDC Ceramic Plant (Casavia). This decline was partially offset by a SAR 319 thousand increase in the cash and cash equivalents balance.

Current assets increased from SAR 8.0 million as of 31 December 2023G to SAR 10.6 million as of 30 June 2024G. This growth was driven by a SAR 2.7 million increase in amounts due from related parties, aligning with services provided to Global Marketing Company for Sleeping Systems and SIDC Ceramic Plant (Casavia). Additionally, there was a SAR 546 thousand increase in other current assets, resulting from a SAR 245 thousand increase in prepayments to suppliers and a SAR 275 thousand increase in prepaid expenses related to the renewal of work and residency permits. This rise was partially offset by a SAR 896 thousand decrease in cash and cash equivalents.

Equity

Equity totaled SAR 15.1 million as of 30 June 2024G, consisting of (1) Share Capital of SAR 9.0 million, (2) Accumulated Losses of SAR 4.3 million, (3) Statutory Reserve of SAR 1.8 million, and (4) Reserve for Remeasurement of Employee Benefits Obligations of SAR -1 thousand.

Equity increased from SAR 14.7 million as of 31 December 2021G to SAR 16.2 million as of 31 December financial year 2022G. This rise was attributed to retained earnings, which rose by SAR 1.1 million, resulting from net income generated during the period.

Equity decreased to SAR 13.4 million as of 31 December 2023G. This was due to a decline in earnings retained by SAR 3.2 million, which resulted from the net effect of SAR 6.0 million in distributed profits and SAR 3.1 million in net income during the period.

Equity increased to SAR 15.1 million as of 30 June 2024G. This was a result of an increase in earnings retained by SAR 1.6 million, which was linked to the net income achieved as of 30 June 2024G.

Non-Current Liabilities

Non-current liabilities amounted to SAR 2.6 million as of 30 June 2024G and included employee benefit obligations.

Non-current liabilities decreased from SAR 2.7 million as of 31 December 2021G to SAR 2.1 million as of 31 December 2022G. This was due to a SAR 630 thousand reduction in the non-current portion of lease liabilities, which aligns with the movement in right-of-use assets.

Non-current liabilities increased from SAR 2.1 million as of 31 December financial year 2022G to SAR 2.9 million as of 31 December financial year 2023G. This rise was due to an increase in (1) the non-current portion of lease liabilities by SAR 595 thousand, in line with the movement in right-of-use assets, and (2) employee benefit obligations by SAR 197 thousand.

Non-current liabilities decreased from SAR 2.9 million as of 31 December financial year 2023G to SAR 2.6 million as of 30 June 2024G. This was due to a SAR 595 thousand reduction in the non-current portion of lease liabilities, aligning with the movement in right-of-use assets. This decline was partially offset by a SAR 322 thousand increase in employee benefit obligations.

Current Liabilities

Current liabilities totaled SAR 5.1 million as of 30 June 2024G, consisting of (1) trade payables amounting to SAR 1.6 million, (2) other current liabilities totaling SAR 2.0 million, (3) Zakat payable of SAR 57 thousand, and (4) the current portion of lease liabilities of SAR 1.5 million.

Current liabilities decreased from SAR 4.5 million as of 31 December 2021G to SAR 3.7 million as of 31 December 2022G. This was due to a SAR 673 thousand reduction in trade payables balance, linked to the settlement of a significant balance with a supplier amounting to SAR 789.0 thousand.

Current liabilities decreased from SAR 3.7 million as of 31 December 2022G to SAR 3.6 million as of 31 December 2023G. This was due to an increase in other current liabilities by SAR 305 thousand, related to a SAR 215 thousand increase in value-added tax (VAT) and a SAR 112 thousand increase in employee-related accruals. This was partially offset by a SAR 449 thousand decrease in trade payables balance, related to the settlement of balances with suppliers.

Current liabilities increased from SAR 3.6 million as of 31 December 2023G to SAR 5.1 million as of 30 June 2024G, resulting from a SAR 866 thousand increase in the trade payables balance.

5.7.3.3 Statement of Cash Flows

Table 76: : Statement of Cash Flows for the Financial Years Ended 31 December 2021G, 2022G, and 2023G, and the Six-Month Period Ended 30 June 2024G

SAR in 000s	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Financial year 2023G (Audited)	Six-Month Period Ended 30 June 2024G (Management Information)
Cash Flows from Operating Activities				
Loss for the Year Before Zakat and Income Tax	1,647	1,593	3,260	1,796
Adjustments to Reconcile Net Loss to Net Cash Flow from Operating Activities:				
Depreciation of Property, Plant, and Equipment	2,453	2,342	2,338	1,020
Addition to End-of-service Provision	-	-	-	335
Depreciation of Right-of-use Assets	613	685	819	-
Component of Employee Benefit Obligations	362	330	349	-
Loss on Sale of Property, Plant, and Equipment	65	5	(38)	-
Impairment of Trade Receivables and Other Current Assets	-	-	87	-
Other Provisions	-	-	-	(170)
Bad Debts	-	75	-	-
Finance Costs	-	11	61	-
Lease Adjustments	-	-	(43)	-
Changes in Operating Assets and Liabilities:				
Trade Receivables	(33)	(315)	(125)	(2,781)
Other Current Assets	201	(154)	(62)	(546)
Receivables from Related Parties	(4,681)	(850)	1,134	-
Inventory	97	(82)	33	(158)

SAR in 000s	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Financial year 2023G (Audited)	Six-Month Period Ended 30 June 2024G (Management Information)
Trade Payables	1,379	(673)	(449)	866
Other Current Liabilities	(237)	(187)	305	32
Cash Used in Operating Activities	1,866	2,779	7,668	394
Zakat and Income Tax Paid	(71)	(256)	(215)	(168)
Employee Benefit Obligations Paid	(42)	(93)	(55)	(13)
Net Cash from Operating Activities	1,753	2,430	7,398	212
Cash Flows from Investing Activities				
Purchase of Property, Plant, and Equipment	(2,808)	(1,131)	(372)	(967)
Gain on Sale of Property, Plant, and Equipment	252	5	38	-
Dividends	-	-	(6,000)	-
Net Cash Used in Investing Activities	(2,556)	(1,126)	(6,334)	(967)
Cash Flows from Financing Activities				
Lease Payments	(683)	(704)	(744)	(143)
Net Cash Used in Financing Activities	(683)	(704)	(744)	(143)
Net Change in Cash and Cash Equivalents	(1,486)	600	319	(898)
Cash and Cash Equivalents at Beginning of Year/ Period	2,005	520	1,120	1,439
Cash and Cash Equivalents at End of Year/ Period	520	1,120	1,439	541
Significant Non-Cash Transactions:				
Additions to Right-of-use Assets and Lease Liabilities	358	-	1,581	-
Transferred from Lease Liabilities to Accrued Expenses	(64)	274	96	-

Source: Audited Financial Statements for the Financial Years Ended 31 December 2021G, 2022G, and 2023G, and Management Information

Net Cash from Operating Activities

Net cash from operating activities increased from SAR 1.8 million in financial year 2021G to SAR 2.4 million in financial year 2022G. This rise is primarily attributed to the movement in the balance of receivables from related parties, which relates to services provided to Global Marketing Company for Sleeping Systems and SIDC Ceramic Plant (Casavia).

Net cash from operating activities increased to SAR 7.4 million in financial year 2023G, primarily due to an increase in net profit generated during the period, alongside a decrease in receivables from related parties. This was partially offset by the settlement of trade payables.

Net cash from operating activities amounted to SAR 212 thousand in the six-month period ended 30 June 2024G. This attributed to an increase in trade receivables, combined with a decrease in non-cash adjustments compared to previous periods.

Net Cash Used in Investing Activities

Net cash used in investing activities increased from SAR 2.6 million in financial year 2021G to SAR 1.1 million in financial year 2022G. This was due to a decrease in property and equipment additions, which amounted to SAR 1.1 million in financial year 2022G compared to the previous year.

Net cash used in investing activities then decreased to SAR 6.3 million in financial year 2023G, primarily due to dividends of SAR 6.0 million.

Net cash used in investing activities was SAR 967 thousand in the six-month period ended 30 June 2024G. This was due to property and equipment additions during the year. No dividends were paid during the six-month period ending 30 June 2024G, unlike in financial year 2023G.

Net Cash Used in Financing Activities

Net cash used in financing activities amounted to SAR 683 thousand, SAR 704 thousand, SAR 744 thousand, and SAR 143 thousand, respectively, from financial year 2021G through the six-month period ended 30 June 2024G, consistent with changes in lease liability payments.

6. Use of Offer Proceeds

6.1 Net Offer Proceeds

The total proceeds from the Offering of Rights Issue will amount to one hundred and sixty-five million (165,000,000) Saudi Riyals, of which approximately six million (6,000,000) Saudi Riyals will be paid to cover the costs of the offering, which includes the fees of the financial advisor, the underwriting manager, the legal advisor, the financial due diligence advisor, and the certified accountants, in addition to the expenses of underwriting, marketing, printing and distribution expenses and other expenses related to the offering. Accordingly, the net proceeds from the offering will amount to one hundred and fifty-nine million (159,000,000) Saudi Riyals, which will be used to enable the Company to implement its operational plans, support working capital and strengthen its financial position.

With reference to the approval of the General Assembly held on 04/01/1447H (corresponding to 29/06/2025G) to authorize the Board of Directors with the powers of the Ordinary General Assembly with respect to the authorization stipulated in paragraph (1) of Article (27) of the Companies Law, for a period of one year from the date of the Ordinary General Assembly's approval or until the end of the term of the authorized Board of Directors, whichever comes first, and in accordance with the conditions set forth in the Implementing Regulations of the Companies Law for Listed Joint Stock Companies, the members of the Company's Board of Directors acknowledge that none of the Offer Proceeds will be used for any related party transactions, pursuant to the authority granted to them, unless such transactions are presented to the General Assembly of shareholders and approved by them.

The Company will also disclose to the public on the Saudi Stock Exchange website, if there is a difference of (5%) or more between the actual uses of the proceeds of the offering against what was disclosed in this Prospectus, as soon as it becomes aware of that, in accordance with paragraph (f) of Article (57) of the Rules for the Offer of Securities and Continuing Obligations, which states that "the issuer must, in the event of any discrepancy of (5%) or more between the actual use of the proceeds from a rights issue or a share issuance with the suspension of preemptive rights and the planned use of proceeds that was disclosed in the relevant prospectus, disclose such discrepancy to the public as it becomes aware of such discrepancy."

6.2 Use of Offer Proceeds and Future Projects

The Net Proceeds from the Offering will be used to enable the Company to implement its operational plans, support working capital and strengthen its financial position. The table below sets out the proposed use of the proceeds from the offering:

Table 77: Suggested use of offering proceeds

Description	Amount (Saudi Riyals)	Percentage* of Total Offering Proceeds (%)
Total Offering Proceeds	165,000,000	100%
Offering Expenses	6,000,000	3.64%
Net Offering proceeds	159,000,000	96.36%
Working Capital Financing	73,000,000	44.24%
Launching of New Sleep High Brand Stores (sh.)	40,000,000	24.24%
Repayment of Certain Credit Facilities	22,000,000	13.33%
Automation of Production Lines	20,000,000	12.12%
Implementation of Enterprise Resource Planning (ERP) System	4,000,000	2.42%

Source: The Company

* Estimated percentage

The Company will use the proceeds of the offering as follows:

6.2.1 Working Capital Financing

The Company will use an amount of seventy-three million (73,000,000) Saudi Riyals from the net proceeds of the offering to finance working capital. The working capital financing aims to enable the Company to implement its operational plans and to cover the operational needs necessary to support growth and strengthen its financial position, which will contribute to reducing reliance on borrowing and increasing the ability to deal with any emergencies or market fluctuations, working capital financing is planned for the third and fourth quarters of 2025G and the first quarter of 2026G.

6.2.2 Launch of New Identity Stores for “Sleep High” (sh.)

The Company will use an amount of forty million (40,000,000) Saudi Riyals from the net proceeds of the offering to launch the new identity stores for Sleep High (sh.), which the Group has developed over the past years, which will result in changes in terms of product diversity, display methods, sales approach, visual identity, packaging improvements, and showroom designs. The Company aims to invest in the new brand by equipping and opening its own stores in the Kingdom of Saudi Arabia and the Arab Republic of Egypt, which may reach approximately (16) stores, so that (11) branches will be opened in the Kingdom of Saudi Arabia at an estimated cost of (32) million Saudi Riyals, in addition to (5) branches in the Arab Republic of Egypt at an estimated cost of (8) million Saudi Riyals. It is planned that the costs associated with this will be paid during the third, and fourth quarters of the year 2025G, and the years 2026G and 2027G.

6.2.3 Repayment of Certain Credit Facilities

The Company will use twenty-two million (22,000,000) Saudi Riyals from the net proceeds of the offering to repay some of the credit facilities as follows:

- Payment of sixteen million five hundred thousand (16,500,000) Saudi Riyals for the credit facilities granted by “Derayah Finance” under the margin trading agreement concluded with the subsidiary (Global Marketing Company for Sleeping System Limited) on 26/09/1444H (corresponding to 17/04/2023G), for a total value of (21,500,000) Saudi Riyals and an annual interest rate of (9%), with interest to be paid monthly.
- Repayment of an amount of (5,500,000) Saudi Riyals for the credit facilities granted by Sukuk Capital under the agreement regulating the issuance of Sharia-compliant Murabaha debt instruments concluded with its subsidiary (Global Marketing Company for Sleeping System Limited) on 08/03/1446H (corresponding to 11/09/2024G), with a limit of ten million (10,000,000) Saudi Riyals.

These credit facilities are scheduled to be repaid during the third quarter of 2025G.

6.2.4 Automation of Production Lines

The Company will use an amount of twenty million (20,000,000) Saudi Riyals from the net proceeds of the offering to automate the production lines of sponge and mattress products at the Global Marketing Company for Sleeping System Limited by purchasing new high-tech machines and machines with advanced technology in sponge casting and forming (3D) shaping to replace the old current machines and machines, with (8) machines and machines The average cost of the machine is (2,500,000) Saudi Riyals, and it is planned to purchase these machines during the fourth quarters of 2025G and 2026G.

6.2.5 Implementation of Enterprise Resource Planning (ERP) System

The Company will use an amount of four million (4,000,000) Saudi Riyals from the net proceeds of the offering to implement the Enterprise Resource Planning (ERP) system (SAP S/4HANA Cloud Private Edition) including subscription costs and application implementation cost. The Company’s goal of developing the ERP system is to unify data and information into a unified database. The associated cost is planned to be reimbursed during the third quarter of 2025G.

The table below shows the timeline and key phases for execution of future projects:

Table 78: : Timeline and Key Phases for Execution of Future Projects

NO.	Future Projects	2025G			2026G	2027G	Total Estimated Cost (Saudi Riyals)
		Second Quarter	Third Quarter	Fourth Quarter			
1	Launching of Sleep High’s new identity stores (sh.)	-	Opening (1) store	Opening (3) stores	Opening (6) stores	Opening (6) stores	40,000,000
2	Automation of Production Lines	-	-	Signature of contracts and first payment	Second payment, machines’ shipment, completion of production line operation, and final payment	-	20,000,000
3	Implementation of Enterprise Resource Planning (ERP) system	System Development and Testing Phase	Launching, Monitoring, and Project Finalization Phase	-	-	-	4,000,000

Source: The Company

It should be noted that the future projects mentioned above will be financed from the proceeds of the offering.

The table below shows the expected timeline for using the proceeds of the offering:

Table 79: Expected timetable for use of proceeds from the offering

Uses	2025G (Saudi Riyals)		2026G (Saudi Riyals)	2027G (Saudi Riyals)	Total (Saudi Riyals)	Percentage
	Third quarter	Fourth quarter				
Working Capital Financing	22,000,000	27,000,000	24,000,000	0	73,000,000	44.24%
Launching the New Identity Stores of Sleep High'(sh.)	2,500,000	7,500,000	15,000,000	15,000,000	40,000,000	24.24%
Repayment of Some Credit Facilities	22,000,000	0	0	0	22,000,000	13.33%
Automation of Production Lines	0	5,000,000	15,000,000	0	20,000,000	12.12%
Implementation of Enterprise Resource Planning (ERP) System	4,000,000	0	0	0	4,000,000	2.42%
Offering Expenses	6,000,000	0	0	0	6,000,000	3.64%
Total	56,500,000	39,500,000	54,000,000	15,000,000	165,000,000	100%

Source: The Company

* Estimated percentage

7. Experts Statements

The Financial Advisor, Lead Manager and Underwriter, Legal Advisor and accountants whose names appear on page (v), have given their written consents to include their names, addresses, logos and statements in the form and text contained in the prospectus, and none of them has withdrawn any of these consents until the date of this Prospectus. The Advisors or any of their employees or relatives do not have any shares or interest of any kind in the Company or any of its subsidiaries as of the date of this Prospectus that may affect their independence.

8. Declarations

As of the date of this Prospectus, Board Members declare the following:

1. There has been no interruption in the business of the Issuer or any of its subsidiaries which may have or has had a significant effect on the financial position in the last (12) months.
2. No commissions, discounts, brokerage fees or other non-cash compensation have been granted within the three years immediately preceding the application for registration and offer of securities that are the subject of this Prospectus in connection with the issue or offer of any securities by the Issuer or any of its subsidiaries.
3. Except for what has been mentioned in subparagraph (2.1.2) “**Risks related to Accumulated Losses**” of Section (2) “**Risk Factors**” of this Prospectus, and subparagraph (5.6.2.3.4) “**Accumulated losses**” of Section (5) “**Financial Information and Management Discussion and Analysis**” of this Prospectus, there has not been any material adverse change in the financial and commercial position of the Issuer or its subsidiaries in the three financial years preceding the application for registration and offer of securities that are subject to this Prospectus and during the period from the end of the period covered by the external auditor’s report up to and including the date of approval of the Prospectus.
4. Other than what is mentioned on page (iii) and subparagraph (9.7.2) “**Agreements and Transactions with Related parties**” of paragraph (9.7) “**Summary of Key Contracts**” of Section (9) “**Legal Information**” of this Prospectus, neither the members of the Board of Directors nor any of their relatives have any shares or interest of any kind in the Issuer or any of its subsidiaries.
5. The Company has not held any treasury shares, and the Company’s Extraordinary General Assembly has not approved any purchase of the Company’s shares.
6. With reference to the approval of the General Assembly held on 04/01/1447H (corresponding to 29/06/2025G) to authorize the Board of Directors with the powers of the Ordinary General Assembly with respect to the authorization stipulated in paragraph (1) of Article (27) of the Companies Law, for a period of one year from the date of the Ordinary General Assembly’s approval or until the end of the term of the authorized Board of Directors, whichever comes first, and in accordance with the conditions set forth in the Implementing Regulations of the Companies Law for Listed Joint Stock Companies, the members of the Company’s Board of Directors acknowledge that none of the Offer Proceeds will be used for any related party transactions, pursuant to the authority granted to them, unless such transactions are presented to the General Assembly of shareholders and approved by them.

9. Legal Information

9.1 Company overview

9.1.1 Company's Trade Name

- The Company was established under the trade name "Saudi Industrial Development Company". On 19/02/1416H (corresponding to 17/07/1995G), the Extraordinary General Assembly approved an amendment to Article (2) of the Bylaws by adding the word (SIDC), and thus the Company's name became "Saudi Industrial Development Company (SIDC)", which is the Company's current trade name and no further changes have been made to the name up to the date of this Prospectus.

9.1.2 Company's Establishment and Capital Development Phases

- Saudi Industrial Development Company was established as a joint stock company in the Kingdom of Saudi Arabia pursuant to its Articles of Association ratified by the first notary in Jeddah. The Company's capital upon incorporation amounted to four hundred million (400,000,000) Saudi Riyals, divided into four million (4,000,000) shares of equal value, each of which is worth one hundred (100) Saudi Riyals. The (378) founding shareholders subscribed for one million five hundred thirty-one thousand (1,531,000) shares worth one hundred fifty-three million one hundred thousand (153,100,000) Saudi Riyals, representing (38.275%) of the Company's capital, this amount was deposited in the bank, while the remaining two million four hundred sixty-nine thousand (2,469,000) shares were offered, with a nominal value of one hundred (100) Saudi Riyals per share and a total value of two hundred forty-six million nine hundred thousand (246,900,000) Saudi Riyals, representing a percentage (61.725%) of the Company's shares, was offered to the public subscription.
- On 13/09/1412H (corresponding 18/03/1992G), Ministerial Resolution No. (1004) was issued approving the incorporation of the Saudi Industrial Development Company – a Saudi Joint-Stock Company, and to offer part of its shares for public subscription.
- On 21/05/1413H (corresponding 15/11/1992G), the Company's founding general assembly was held and approved the following provisions:
 - Verification of full subscription and payment of the company's capital in accordance with the with Bylaws and the Companies Law.
 - Finalization of the definitive texts of the Company's Bylaws, noting that no substantial amendments may be made without the approval of all subscribers represented at the meeting.
 - Deliberation on the founders' report regarding the actions and expenses incurred in establishing the Company.
 - Appointment of the first auditor and the determination of their fees.
- On 20/06/1413H (corresponding to 15/12/1992G), Ministerial Resolution No. (673) was issued announcing the incorporation of the Company.
- On 17/07/1413H (corresponding to 10/01/1993G), the Company was registered in the joint-stock companies register in the City of Jeddah under Commercial Registration No. (4030092792).
- On 10/08/1413H (corresponding to 02/02/1993G), the Company's shares were registered and listed on the Saudi Exchange Stock.
- On 19/02/1416H (corresponding to 17/07/1995G), the Extraordinary General Assembly approved the amendment of Article (2) of the Bylaws by adding the word "SIDC" to the Company's name, making it "Saudi Industrial Development Company (SIDC)." Additionally, Article (4) of the Bylaws was amended to include the phrase "(and it has the right to establish companies with others or participate with others in founding other companies)."
- On 29/02/1419H (corresponding to 23/06/1998G), the Extraordinary General Assembly approved the amendment of Article (7) of the Bylaws, changing the nominal value of the share from one hundred (100) Saudi Riyals to fifty (50) Saudi Riyals. Therefore, the Company's capital became four hundred million (400,000,000) Saudi Riyals, divided into eight million (8,000,000) shares of equal value, each with a nominal value of fifty (50) Saudi Riyals, all of which are ordinary cash shares. Additionally, the Extraordinary General Assembly approved the amendment of Article (21) of the Bylaws to limit the tenure of the Chairman, Managing Director, and Secretary to their board membership term, subject to reappointment.
- On 17/03/1427H (corresponding 15/04/2006G), the Company's shares were split from eight million (8,000,000) shares to forty million (40,000,000) shares, based on the Council of Ministers' Resolution on 27/02/1427H (corresponding 27/03/2006G), which set the nominal value of shares in joint-stock companies at ten (10) Saudi Riyals.
- On 22/10/1438H (corresponding 16/07/2017G), the Extraordinary General Assembly (third) approved amending the Company's Bylaws in accordance with the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H.

- On 19/11/1445H (corresponding 27/05/2024G), the Board of Directors recommended reducing the Company's capital from four hundred million (400,000,000) Saudi Riyals to one hundred and thirty-five million (135,000,000) Saudi Riyals, and then increasing it from one hundred and thirty-five million (135,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals by offering Right Issue Shares amounting to one hundred and sixty-five million (165,000,000) Saudi Riyals. This was recommended to enable the Company to execute its operational plans, support working capital, and enhance its financial position.
- On 11/01/1446H (corresponding 17/07/2024G), the Capital Market Authority approved the Company's request to reduce its capital from four hundred million (400,000,000) Saudi Riyals to one hundred and thirty-five million (135,000,000) Saudi Riyals, thus decreasing the number of shares from forty million (40,000,000) shares to thirteen million and five hundred thousand (13,500,000) shares.
- On 16/03/1446H (corresponding to 19/09/2024G), the Extraordinary General Assembly approved the Board of Directors' recommendation to reduce the Company's capital from four hundred million (400,000,000) Saudi Riyals to one hundred and thirty-five million (135,000,000) Saudi Riyals. This capital restructuring aims to offset accumulated losses amounting to two hundred and sixty-five million (265,000,000) Saudi Riyals from the Company's total accumulated losses.

9.1.3 Capital

- Article (6) of the Bylaws stated that the Company's capital at one hundred thirty-five million (135,000,000) Saudi Riyals, divided into thirteen million five hundred thousand (13,500,000) Ordinary nominal shares of equal value, each worth ten (10) Saudi Riyals, fully paid, and all of which are ordinary shares.

9.1.4 Substantial Shareholders

- As of the date of this Prospectus there is no substantial shareholder who directly owns (5%) or more of the Company's shares.

9.1.5 Head Office

- According to Article (5) of the Bylaws, the Company's head office shall be located in the city of Jeddah. The Extraordinary General Assembly may decide to relocate the head office to any other city within the Kingdom of Saudi Arabia. The Board of Directors may decide to establish branches, offices, or agencies inside or outside the Kingdom, including in free zones.
- The Company's current Head Office, according to the Commercial Registration is located in the city of Jeddah – Prince Mohammed bin Abdulaziz Street.
- As of the date of this Prospectus, in addition to its Head Office, the Company has (2) branches in Riyadh and Yanbu within the Kingdom of Saudi Arabia.

9.1.6 Company's Term

- According to Article (6) of the Bylaws, the Company's term is indefinite, starting from the date of its registration in the Commercial Register.

9.1.7 Company's Activities

- According to Article (3) of the Bylaws, the Company's activities are:
 1. Manufacturing industries.
 2. Construction.
 3. Wholesale and retail trade, motor vehicles and motorcycles repair.
 4. Transportation and storage.
 5. Financial and insurance activities.
 6. Administrative and support services.
 7. Professional, scientific, and technical activities.
 8. Real estate activities.
- The Company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any. SIDC Ceramic Factory "CASAVIA", a branch of the Saudi Industrial Development Company, obtained a license from the Ministry of Industry and Mineral Resources, No. (1411100185306) dated 05/11/1411H (corresponding to 19/05/1991G), which is valid until 17/12/1450H (corresponding 01/05/2029G) (for more information, please refer to Paragraph (9.5) "**Key Licenses, Certificates and Approvals**" of this section).

9.1.8 Bylaws

- The current version of the Company's Bylaws was issued based on the Extraordinary General Assembly resolution held on 03/09/1446H (corresponding to 03/03/2025G) and was adopted by the Ministry of Commerce (Operations Department) on 16/09/1446H (corresponding to 16/03/2025G). The Company is committed to uploading an updated version of its Bylaws on its page on Tadawul website.
- Since the incorporation of the Company in (1992G) until the date of this Prospectus, several amendments have occurred to the Company's Bylaws as follows:
 - The first version of the Company's Bylaws was issued and approved in accordance with the resolution of the Founders General Assembly held on 21/05/1413H (corresponding to 15/11/1992G), where the Company's capital upon incorporation amounted to four hundred million (400,000,000) Saudi Riyals divided into four million (4,000,000) Ordinary Share, with a nominal value of one hundred (100) Saudi Riyals, all of which are ordinary shares.
 - The second version was issued based on the Extraordinary General Assembly resolution on 29/02/1419H (corresponding to 23/06/1998G) approving the amendment of Article (7) of the Bylaws to reduce the nominal value of the share from one hundred (100) Saudi Riyals to fifty (50) Saudi Riyals, where the Company's capital amounted to four hundred million (400,000,000) Saudi Riyals divided into eight million (8,000,000) shares of equal value, each with a nominal value of fifty (50) Saudi Riyals, all of which are ordinary shares. The Extraordinary General Assembly also approved the amendment of Article (21) of the Bylaws where the term of the Chairman of the Board, the Managing Director and the Secretary and the member of the Board of Directors should not exceed the membership of each of them in the Board, with the possibility of reappointment.
 - The third version was issued following the Extraordinary General Assembly resolution on 22/10/1438H (corresponding to 16/07/2017G) approving the amendment of the Company's Bylaws in accordance with the Companies Law (issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G).
 - The fourth version was issued following the Extraordinary General Assembly (Fourth) resolution on 16/03/1446H (corresponding to 19/09/2024G), approving the amendment of Article (6) of the Company's Bylaws related to capital making it one hundred and thirty-five million (135,000,000) Saudi Riyals divided into thirteen million five hundred thousand (13,500,000) nominal shares of equal value, each with a value of ten (10) Saudi Riyals fully paid, all of which are ordinary shares.
 - The fifth (current) version of the Bylaws was issued based on the resolution of the Extraordinary General Assembly held on 03/09/1446H (corresponding to 03/03/2025G), which approved its amendment in line with the provisions of the Companies Law issued No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).

9.2 Company's Management

- In accordance with Article (17) of the Bylaws, the Company is managed by a Board of Directors consisting of ten (10) members, they must be natural persons elected by the Ordinary General Assembly of shareholders for a period not exceeding four years, and they may be re-elected for a similar period or periods.
- On 07/12/1445H (corresponding 13/06/2024G), the Ordinary General Assembly approved the election of the Board of Directors for the session starting from 01/07/1446H (corresponding to 01/01/2025G) for a period of three (3) years ending on 30/08/1449H (corresponding 31/12/2027G).
- On 01/07/1446H (corresponding 01/01/2025G), the Board of Directors appointed Mr. Abdulelah Mohamed Abdulrahman Alasakr as Chairman, E.ng Bandar Abdullah Ibrahim Alhomaiddhi as Vice Chairman and Managing Director and Mr. Muwaiya Mustafa Abdulrahman as Secretary of the Board of Directors.
- The Board of Directors shall establish the Audit, Remuneration and Nominations Committees to assist it in performing its duties.
- The Company's executive management is also responsible for the day-to-day operations of the Company (for more information about the Board of Directors, its Committees and Executive Management, please refer to paragraphs (4.2), (4.3) and (4.4) of Section (4) "**Organizational and Administrative Structure**" of this prospectus.)

9.3 Corporate governance

- According to Laws, Regulations and Instructions issued by the Capital Market Authority, in particular the Corporate Governance Regulations, and as of the date of this Prospectus, the Company has approved its Corporate Governance Regulations by the Board of Directors during its meeting on 18/06/1445H (corresponding 31/12/2023G). In addition to the Corporate Governance Regulations, the Company has a number of internal regulations and policies as follows:

Table 80: Internal Regulations and Policies

Regulation / Policy	Approval Authority	Approval Date
Policy of the Standards and Procedures for Board Membership	General Assembly	10/04/1439H (corresponding to 28/12/2017G)
Remuneration and Nominations Committee Regulations	General Assembly	10/04/1439H (corresponding to 28/12/2017G)
Audit Committee Regulations	General Assembly	22/10/1438H (corresponding to 16/07/2017G)
Policy for the Remuneration of Board Members, Committees, and Executive Management	General Assembly	10/04/1439H (corresponding to 28/12/2017G)
Corporate Governance Regulations	Board of Directors	18/06/1445H (corresponding to 31/12/2023G)
Complaints and reporting procedures for offending practices	Board of Directors	10/04/1439H (corresponding to 28/12/2017G)
Disclosure Policy, Procedures, and Supervisory Regulations	Board of Directors	10/04/1439H (corresponding to 28/12/2017G)
Policy for Managing Conflict of Interest	Board of Directors	11/02/1439H (corresponding to 31/10/2017G)
Dividend Distribution Policy	Board of Directors	11/02/1439H (corresponding to 31/10/2017G)
Professional Conduct Policy and Ethical Values	Board of Directors	11/02/1439H (corresponding to 31/10/2017G)
Stakeholder Relationship Management Policy	Board of Directors	11/02/1439H (corresponding to 31/10/2017G)
Risk Management Policies and Procedures	Board of Directors	11/02/1439H (corresponding to 31/10/2017G)

Source: The Company

- Also, the Company has adopted internal policies and regulations related to the Group's activities as follows:

Table 81: Policies and Procedures Related to the Group's Activities

Regulation / Policy	Approval Authority	Approval Date
Credit Policy for SIDC and its Subsidiaries	Managing Director	01/02/1445H (corresponding to 17/08/2023G)
Credit Policy for the The Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Egypt)	Managing Director	15/11/1440H (corresponding to 18/07/2019G)
Sales Policies and Procedures Manual for the Global Marketing Company for Sleeping System (Sleep High)	Managing Director	27/08/1441H (corresponding to 20/05/2020G)
Banking Transactions Authority Matrix Policy	Managing Director	09/07/1443H (corresponding to 10/02/2022G)
Compliance Policy and Procedures	Managing Director	20/01/1444H (corresponding to 18/08/2022G)
Mechanism for Awarding and Signing Work Execution and Service Contracts	Managing Director	29/02/1443H (corresponding to 06/10/2021G)
Product Display and Sample Presentation Policy	Managing Director	28/08/1444H (corresponding to 20/03/2023G)
Succession Planning Policy	Managing Director	14/08/1444H (corresponding to 06/03/2023G)
Information Security Policy	Managing Director	03/08/1444H (corresponding to 23/02/2023G)
Workstation Security Policy (Computers & Accessories)	Managing Director	03/08/1444H (corresponding to 23/02/2023G)
Project Product Pricing Policy	Managing Director	16/03/1445H (corresponding to 01/10/2023G)
Email Usage Policy	Managing Director	03/08/1444H (corresponding to 23/02/2023G)
Training and Development Policy	Managing Director	13/08/1444H (corresponding to 16/03/2022G)
Written Communication Policy and Guidelines	Managing Director	20/05/1442H (corresponding to 04/01/2021G)
Internal Communication Policy	Managing Director	05/02/1444H (corresponding to 01/09/2022G)

Regulation / Policy	Approval Authority	Approval Date
Transformation Project Governance Regulations	Managing Director	20/07/1443H (corresponding to 21/02/2022G)
Career Path Document for Retail Salespersons	Managing Director	05/07/1443H (corresponding to 06/02/2022G)
Procedures for Preparing and Publishing Financial Results and Indicators	Managing Director	16/05/1446H (corresponding to 18/11/2024G)
Environmental Qualification License Renewal Procedure (SIDC Casavia Factory)	Managing Director	07/04/1446H (corresponding to 10/10/2024G)
Safety Certificate Issuance Procedure for SIDC Casavia Factory	Managing Director	03/04/1446H (corresponding to 06/10/2024G)
Factory License and Industrial Certificates Renewal Procedure	Managing Director	30/03/1446H (corresponding to 03/10/2024G)
Environmental Operation Permit and Environmental Register Renewal Procedure	Managing Director	30/02/1446H (corresponding to 03/09/2024G)
Operation Licenses Renewal and Monitoring Procedure	Managing Director	30/02/1446H (corresponding to 03/09/2024G)
Industrial Licenses Renewal and Monitoring Procedure	Managing Director	30/02/1446H (corresponding to 03/09/2024G)
Procedures for the General Assembly	Managing Director	01/01/1446H (corresponding to 07/07/2024G)
Inventory Monitoring Procedures	Managing Director	06/05/1445H (corresponding to 20/11/2023G)
Procedures for Filing Financial Statements and Their Attachments on the Disclosure procedure	Managing Director	05/05/1444H (corresponding to 29/11/2022G)
Procedures for Preparing, Reviewing, and Auditing the Combined Financial Statements	Managing Director	22/04/1444H (corresponding to 16/11/2022G)
Procedures for Signing and Archiving Documents (Records and Decisions) Related to Board of Directors/Managers and Committees Meetings	Managing Director	07/04/1444H (corresponding to 01/11/2022G)
Procurement Procedure	Managing Director	07/04/1444H (corresponding to 01/11/2022G)
Procedures for Unified Financial Statements	Managing Director	08/02/1444H (corresponding to 04/09/2022G)
Procedures for Documenting a Legal Power of Attorney	Managing Director	17/05/1446H (corresponding to 19/11/2024G)
Instruction Management Unit	Managing Director	24/01/1444H (corresponding to 22/08/2022G)
Annual Report Preparation Procedure	Managing Director	24/04/1443H (corresponding to 29/11/2021G)
Internal Control Procedures for Procurement, Inventory, and Production (Approved for the The Arabian Spring & Foam Mattresses Mfg. Company Ltd.)	Managing Director	26/03/1443H (corresponding to 01/11/2021G)
Procedure for Filing Tax Returns (Value Added Tax - VAT)	Managing Director	26/02/1442H (corresponding to 13/10/2020G)
Product Quality Control Procedure (Approved for the Global Marketing Company for Sleeping System Limited - Sleep High)	Supply Chain Management Director	16/03/1445H (corresponding to 01/10/2023G)
Monthly Inventory Procedures for Raw Materials and Semi-Finished Products in Production Halls	Supply Chain Management Director & Finance Director	15/01/1442H (corresponding to 03/09/2020G)
Guide to Policies and Procedures of the Planning Department for Global Marketing Company for Sleeping System Limited - Sleep High	Supply Chain Management Director	11/05/1443H (corresponding to 15/12/2021G)

Source: The Company

In addition to a set of procedures, manuals and other internal regulations that include:

- Board of Directors Procedures Policy
- Internal Audit Regulations
- Internal Audit Procedure
- Risk Management Procedure
- Record adjustment procedure
- Corrective and preventive procedure
- Credit and Collection Procedures Manual
- Credit and collection management commissions policy
- Investment and financing policy and mechanisms
- The procedure for selling scrap in factories

- Conduct procurement and evaluate suppliers
- Inventory Policy and Procedures
- Guidance Manual Accounting for fixed assets and their depreciation, management and control
- Exchange, return and warranty policy for Saudi Industrial Development Company (SIDC), its branch and subsidiaries
- Employee Remuneration Policy
- Mechanism for evaluating the performance of the Board of Directors, its members, committees and executive management
- Awareness, competency and training conduct
- Quality Management procedure Guide
- Procedures for convening the General Assembly
- The secret line
- IT Procedures
- Production Process Procedures
- Production Incentives Procedures
- Exhibition Operation Guides
- Administrative and Financial Regulations – Sleep High Egypt
- Procedure for renewal and monitoring of operating licenses
- Medical Insurance Policy Renewal Procedures
- Employment Policy
- New Employee Onboarding Procedures
- Employee Guidebook
- Ticket Policy for Expatriate Employees
- Remote Work Policy
- Online Meeting Protocols (Virtual)
- Communication Facilities Policy

9.4 Subsidiaries

- According to Article (3) of the Bylaws, the Company may establish companies limited liability or closed shareholding or closed, simplified joint stock company or any other legal entity or form. It may also own shares and shares in other existing companies or list or merge with, and it has the right to participate with others in establishing joint- stock or limited liability companies or any other legal entity or form, whether inside or outside the Kingdom or in free zones, after fulfilling the requirements of the regulations and instructions followed in this regard, and the Company may also Dispose of such shares or shares, provided that this does not include brokerage in their trading.
- As of the date of this prospectus, the Company has (4) subsidiaries within the Kingdom of Saudi Arabia and one (1) subsidiary outside the Kingdom of Saudi Arabia, as follows:
 1. SIDC Commercial Investment Company, 100% owned directly by the Saudi Industrial Development Company (SIDC).
 2. SIDC Investment Projects Company, 100% owned by the Saudi Industrial Development Company (SIDC) (95% directly and 5% indirectly through SIDC Commercial Investment Company).
 3. Global Marketing Company for Sleeping System Limited, 100% owned by the Saudi Industrial Development Company (SIDC) (95% directly and 5% indirectly through SIDC Commercial Investment Company).
 4. Emmdad Logistic Services Company, 50% owned indirectly by the Saudi Industrial Development Company (SIDC) through Global Marketing Company for Sleeping System Limited.
 5. The Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High – Egypt), 100% owned by the Saudi Industrial Development Company (SIDC) indirectly through the Global Marketing Company for Sleeping System Limited (98.5%) and SIDC Commercial Investment Company (1.5%).
- The following is a brief overview of these companies.
 1. **SIDC Commercial Investment Company:** It is a limited liability company, established under the Articles of Association certified by the Notary Public in Jeddah in a newspaper of volume (1/5/h) number (25) for the year 1417H dated 06/04/1417H (corresponding to 21/08/1996G). It is registered in Riyadh under the Commercial No. (4030120377) on 21/06/1417H (corresponding to 03/11/1996G). As of the date of this Prospectus, the capital of SIDC Commercial Investment Company is ten million (10,000,000) Saudi Riyals divided into one million (1,000,000) equal value shares of ten (10) Saudi Riyals, it is fully owned by the Saudi Industrial Development Company SIDC. It should be noted that this subsidiary is dormant.

2. **SIDC Investment Projects Company** : It is a limited liability company, established under the Articles of Association certified by the Notary Public in the newspaper (65) number (196) of volume (353) of 1433H. It is registered in the commercial register of Riyadh under the No. (4030223716) dated 03/04/1433H (corresponding 25/02/2012G). As of the date of this Prospectus, the capital of SIDC Investment Projects Company is one hundred thousand (100,000) Saudi Riyals divided into ten thousand (10,000) shares of equal value of ten (10) Saudi Riyals, and it is distributed among the two partners: (1) Saudi Industrial Development Company (SIDC) (owns nine thousand five hundred (9,500) shares with a total value of ninety-five thousand (95,000) Saudi Riyals representing (95%) of the capital) and (2) SIDC Commercial Investment Company (owns five hundred (500) shares with a total value of five thousand (5,000) Saudi Riyals representing (5%) of the capital). It should be noted that this subsidiary is dormant.
3. **Global Marketing Company for Sleeping System Limited**: It is a limited liability company, established pursuant to the Articles of Association certified by the Notary Public in page No. (1) Issue (1) of volume (5) dated 26/01/1417H (corresponding to 21/08/1996G). It is registered in the commercial register of Jeddah under the Commercial No. (4030121778) dated 21/06/1417H (corresponding 03/11/1996G). As of the date of this Prospectus, the capital of Global Marketing Company for Sleeping System Limited is one hundred million (100,000,000) Saudi Riyals, divided into ten million (10,000,000) shares of equal value, each share value ten (10) Saudi Riyals, and distributed among the two partners: (1) Saudi Industrial Development Company (SIDC) (owning nine million five hundred thousand (9,500,000) shares with a total value of ninety-five million (95,000,000) Saudi Riyals, representing (95%) of the capital) and (2) SIDC Commercial Investment Company (owning five hundred thousand (500,000) shares with a total value of five million (5,000,000) Saudi Riyals, representing (5%) of the capital).
4. **Emmdad Logistic Services Company**: It is a limited liability Company, established pursuant to the Articles of Association certified by the Notary Public at the Ministry of Commerce under No. (341240639) dated 09/09/1434H (corresponding to 17/07/2013G). It is registered in the commercial register of Riyadh under No. (1010386443) dated 21/10/1434H (corresponding to 28/08/2013G). As of the date of this Prospectus, the capital of Emmdad Logistic Services Company is nine million (9,000,000) Saudi Riyals, divided into nine hundred thousand (900,000) shares of equal value, each share value ten (10) Saudi Riyals, and is distributed among the two partners: (1) Global Marketing Company for Sleeping System Limited (owning four hundred and fifty thousand (450,000) shares with a total value of four million and five hundred thousand (4,500,000) Saudi Riyals, representing (50%) of the capital) and (2) Road Storm Trading & Contracting Company (owning four hundred and fifty thousand (450,000) shares with a total value of four million and five hundred thousand (4,500,000) Saudi Riyals, representing (50%) of the capital).
5. **The Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High – Egypt)**: It is a limited liability Company, established in the Arab Republic of Egypt, and is registered in the Commercial Register No. (1763) at the Ministry of Supply and Internal Trade – Cairo Investment Commercial Register Office, with a national establishment number (205001459) and a unified commercial register number (01763 01000 10530). The capital of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) is fifty million (50,000,000) Egyptian pounds, equivalent to approximately (3,777,000 Saudi Riyals), divided into five hundred thousand (500,000) shares, the value of each share is one hundred (100) pounds, and it is distributed among the two partners: (1) The Global Marketing Company for Sleeping System Limited (owns four hundred and ninety-two million and five hundred thousand (492,500) shares with a total value of forty-nine million and two hundred and fifty thousand (49,250,000) Egyptian pounds, representing (98.5%) of the capital) and (2) SIDC Commercial Investment Company (owns seven thousand and five hundred (7,500) shares with a total value of seven hundred and fifty thousand (750,000) Egyptian pounds, representing (1.5%) of the capital).

9.5 Key Licenses, Certificates and Approvals

9.5.1 Key licenses, certificates and approvals related to the Head Office

- The Company has obtained several regulatory and operational licenses and certificates from the relevant authorities necessary to conduct its activities in accordance with the applicable regulations in the Kingdom of Saudi Arabia. These licenses are renewed periodically.

9.5.1.1 Key Licenses, Certificates, and Approvals for the Head Office

- The Company has obtained several regulatory and operational licenses and certificates from the relevant authorities necessary to conduct its business in accordance with the regulations in force in the Kingdom of Saudi Arabia. These licenses are renewed periodically.
- Failure to renew or obtain key certificates and licenses may result in penalties against the Company, such as warnings, financial fines, closure of its operating sites, suspension of e-government services, or prohibition from engaging in a specific activity (for more information on the risks of not obtaining or renewing certificates, please refer to subparagraph (2.1.34) “*Risks Related to failure to obtain or renew government licenses, certificates, and permits*” of paragraph (2.1) “*Risks Related to the Company’s Activity and Operations*” of Section (2) “*Risk Factors*” of this Prospectus.)

- The following table shows the current licenses and approvals the Company has obtained and related to its main register:

Table 82: Key licenses, Certificates and approvals related to the Head Office

Certificate Type	Purpose	Certificate Holder	Certificate Number	Date of Issuance/Renewal	Date of Expiry	Issuing Entity
Commercial Registration	Registration of the Company in the commercial registry (joint stock companies)	Saudi Industrial Development Company (SIDC)	4030092792	17/07/1413H (corresponding to 10/01/1993G)	16/07/1447H (corresponding to 05/01/2026G)	Ministry of Commerce - Commercial Registration Office in Jeddah
Chamber of Commerce and Industry Membership Certificate	In accordance with the provisions of the Commercial Register Law, the Company is classified as first class	Saudi Industrial Development Company (SIDC)	40975	18/02/1446H (corresponding to 22/08/2024G)	16/07/1447H (corresponding to 05/01/2026G)	Jeddah Chamber of Commerce
Certificate of Zakat and Income	To indicate that the Company has submitted its annual declaration and fulfilled its zakat obligations	Saudi Industrial Development Company (SIDC)	1116014671	02/11/1446H (corresponding to 30/04/2025G)	13/11/1447H (corresponding to 30/04/2026G)	Zakat, Tax, and Customs Authority
VAT Certificate	To certify that the Company is registered for Value Added Tax (VAT)	Saudi Industrial Development Company (SIDC)	300002773200003	03/12/1438H (corresponding to 25/08/2017G)	Not Applicable	Zakat, Tax, and Customs Authority
Social Insurance Subscription Certificate	In compliance with the social insurance Law	Saudi Industrial Development Company (SIDC)	96801793	02/12/1446H (Corresponding to 29/05/2025G)	02/01/1447H (Corresponding to 27/06/2025G)	General Organization for Social Insurance
Wage Protection Law Compliance Certificate	In accordance with the Wage Protection Law	Saudi Industrial Development Company (SIDC)	92489-619578-75325	06/12/1446H (corresponding to 02/06/2025G)	07/01/1447H (Corresponding to 02/07/2025G)	Ministry of Human Resources and Social Development – Mudad
Saudization Certificate	To indicate that the Company is compliant with the percentage of Saudization required of it according to the Nitaqat Program and the Saudization rate is (20%) and It's classified under the "Low Green" category	Saudi Industrial Development Company (SIDC)	14614165-152865	02/12/1446H (corresponding to 29/05/2025G)	04/03/1447H (corresponding to 27/08/2025G)	Ministry of Human Resources and Social Development – Qiwa
Company Entity Evaluation Certificate – (Nitaqat)	Evaluating the Company's entity under the Nitaqat program, indicating that it is in the (Low Green) range	Saudi Industrial Development Company (SIDC)	Group's number 2699-9	June 2025G	--	Qiwa Platform

Source: The Company

9.5.1.2 Licenses, Certificates, and Approvals Related to Branches

- The Company's branches have obtained several regulatory and operational licenses and certificates from the relevant authorities necessary to conduct their activities in accordance with the regulations in force in the Kingdom of Saudi Arabia. These licenses are renewed periodically.
- Failure to renew or obtain key certificates and licenses may result in penalties against the Company's branches, such as warnings, financial fines, closure of its operating sites, suspension of e-government services, or prohibition from engaging in a specific activity (for more information on the risks of not obtaining or renewing certificates, please refer to subparagraph (2.1.34) "*Risks Related to failure to obtain or renew government licenses, certificates, and permits*" of paragraph (2.1) "*Risks Related to the Company's Activity and Operations*" of Section (2) "*Risk Factors*" of this Prospectus.)

– The following table outlines the current licenses, certificates and approvals obtained by the company related to its branches:

Table 83: Key licenses, Certificates and approvals related to the branches

Certificate Type	Purpose	Certificate Holder	Certificate Number	Date of Issuance/Renewal	Date of Expiry	Issuing Entity
Branch in Riyadh (Commercial Registration No. 1010480324)						
Commercial Registration	Commercial Registration of the branch in the commercial registry	Saudi Industrial Development Company (SIDC)	1010480324	27/03/1440H (corresponding to 05/12/2018G)	27/03/1448H (corresponding to 09/09/2026G)	Ministry of Commerce – Commercial Registration Office in Riyadh
Chamber of Commerce Membership Certificate – First Grade	In Compliance with commercial registration procedure requirements	Saudi Industrial Development Company (SIDC)	735675	13/11/1443H (corresponding to 12/06/2022G)	27/03/1448H (corresponding to 09/09/2026G)	Riyadh Chamber of Commerce
Municipal License	License for managing subsidiaries of a holding company	Saudi Industrial Development Company (SIDC)	450212973041	Not Specified	22/06/1447H (corresponding to 13/12/2025G)	Riyadh Municipality – Al Malaz Municipality
Safety Certificate	In Compliance with field safety standards of Civil Defense	Saudi Industrial Development Company (SIDC)	46-001243657-2	29/06/1446H (corresponding to 30/12/2024G)	22/06/1447H (corresponding to 13/12/2025G)	Ministry of Interior – General Directorate of Civil Defense
Branch in Yanbu (Commercial Registration No. 4700005290)						
Commercial Registration Certificate	Registration of the branch in the commercial register	SIDC Ceramic Factory “CASAVIA” – Branch of Saudi Industrial Development Company (SIDC)	4700005290	09/05/1416H (corresponding to 04/10/1995G)	21/07/1447H (corresponding to 10/01/2026G)	Ministry of Commerce – Commercial Registration Office in Yanbu
Chamber of Commerce Membership Certificate	Compliance with the commercial registration procedure – The branch is classified under (First) grade	SIDC Ceramic Factory “CASAVIA” – Branch of Saudi Industrial Development Company (SIDC)	205000115377	25/05/1444H (corresponding to 19/12/2022G)	21/07/1447H (corresponding to 10/01/2026G)	Yanbu Chamber of Commerce
Social Insurance Subscription Certificate	Compliance with the Social Insurance Law	SIDC Ceramic Factory “CASAVIA”	96801890	02/12/1446H (corresponding to 29/05/2025G)	02/01/1447H (corresponding to 27/06/2025G)	General Organization for Social Insurance
Wage Protection Regulation Compliance Certificate	Compliance with the Wage Protection Regulation	SIDC Ceramic Factory “CASAVIA” – Branch of Saudi Industrial Development Company (SIDC)	654615-19571485	22/11/1446H (corresponding to 20/05/2025G)	24/12/1446H (Corresponding to 20/06/2025G)	Ministry of Human Resources and Social Development – Qiwa
Saudization Certificate	Certifying that the branch complies with the required Saudization percentage under the Nitaqat program, reaching (20%), classified under “Low Green”	SIDC Ceramic Factory “CASAVIA” – Branch of Saudi Industrial Development Company (SIDC)	11990289-208766	02/12/1446H (corresponding to 29/05/2025G)	04/03/1447H (corresponding to 27/08/2025G)	Ministry of Human Resources and Social Development – Qiwa
Industrial License	In compliance with the requirements of Ministry of Industry and Mineral Resources – to certify that the branch is in production status	SIDC Ceramic Factory “CASAVIA” – Branch of Saudi Industrial Development Company (SIDC)	1411100185306	05/11/1411H (corresponding to 19/05/1991G)	17/12/1450H (corresponding to 01/05/2029G)	Ministry of Industry and Mineral Resources
Environmental Operating Permit	Authorization for the branch to operate	Saudi Industrial Development Company (SIDC)	0707-48-2 (Contract No. RCLI 6970)	10/07/1446H (corresponding to 10/01/2025G)	14/06/1451H (corresponding to 22/10/2029G)	Royal Commission for Jubail and Yanbu
Safety Certificate*	Confirmation of the availability of safety measures at the branch	Saudi Industrial Development Company (SIDC)	RCLI 6970 (Contract No.)	26/10/1444H (corresponding to 16/05/2023G)	07/11/1445H (corresponding to 15/05/2024G)	Royal Commission for Jubail and Yanbu
ISO Certificate	Certifying that the branch complies with the standards of the ISO/IEC 9001:2015 Quality Management Procedures	SIDC Ceramic Factory “CASAVIA” – Branch of Saudi Industrial Development Company (SIDC)	Q-2617-18	24/08/1439H (corresponding to 10/05/2018G)	21/11/1448H (corresponding to 28/04/2027G)	Magistratus

Source: The Company

* Work is in progress to complete the renewal procedures.

9.5.2 Licenses, Certificates and Approvals related to Subsidiaries

- The subsidiaries have obtained several regulatory and operational licenses and certificates from the relevant authorities necessary to conduct their activities in accordance with the regulations in force in the Kingdom of Saudi Arabia. These licenses are renewed periodically.
- Failure to renew or obtain the basic licenses and certificates may result in penalties against the subsidiaries, such as warnings, financial fines, closure of the websites they operate, suspension of e-government services they benefit from, or prohibition from conducting a specific activity (For more information on the risks of not obtaining or renewing certificates, please refer to subparagraph (2.1.34) “*Risks Related to failure to obtain or renew government licenses, certificates, and permits*” of paragraph (2.1) “*Risks Related to the Company’s Activity and Operations*” of Section (2) “*Risk Factors*” of this Prospectus.)

9.5.2.1 Licenses, Certificates, and Approvals Related to SIDC Commercial Investment Company (One-Person Limited Liability Company)

The table below presents the licenses, approvals, and certificates obtained by SIDC Commercial Investment Company:

Table 84: Licenses and Certificates for SIDC Commercial Investment Company

Certificate Type	Purpose	Certificate Holder	Certificate Number	Date of Issuance/ Renewal	Date of Expiry	Issuing Entity
Commercial Registration	Commercial Registration of the subsidiary in the commercial register	SIDC Commercial Investment Company	4030120377	21/06/1417H (corresponding to 03/11/1996G)	20/06/1447H (corresponding to 11/12/2025G)	Ministry of Commerce – Commercial Registration Office in Riyadh
Chamber of Commerce Membership Certificate – First Class	In Compliance with the Commercial Registration procedures	SIDC Commercial Investment Company	62143	22/02/1446H (corresponding to 26/08/2024G)	20/06/1447H (corresponding to 11/12/2025G)	Jeddah Chamber of Commerce
Social Insurance Subscription Certificate	Certifying that the subsidiary is not subject to the social insurance Law	SIDC Commercial Investment Company	96802457	02/12/1446H (corresponding to 29/05/2025G)	02/01/1447H (corresponding to 27/06/2025G)	General Organization for Social Insurance (GOSI)

Source: The Company

9.5.2.2 Licenses, Certificates, and Approvals Related to SIDC Investment Projects Company (Limited Liability Company)

The table below presents the licenses, approvals, and certificates obtained by SIDC Investment Projects Company:

Table 85: - Licenses and Certificates for SIDC Investment Projects Company

Certificate Type	Purpose	Certificate Holder	Certificate Number	Date of Issuance/ Renewal	Date of Expiry	Issuing Entity
Commercial Registration	Registration of the subsidiary in the Commercial Registry	SIDC Investment Projects Company	4030223716	03/04/1433H (corresponding to 25/02/2012G)	07/05/1448H (corresponding to 18/10/2026G)	Ministry of Commerce – Commercial Registration Office in Riyadh
Chamber of Commerce Membership Certificate – Second Class	In compliance with the provisions of the Commercial Registry Law.	SIDC Investment Projects Company	167536	18/02/1446H (corresponding to 22/08/2024G)	07/05/1448H (corresponding to 18/10/2026G)	Jeddah Chamber of Commerce
Social Insurance Subscription Certificate	To confirm that the subsidiary company is an entity not subject to the Social Insurance Law.	SIDC Investment Projects Company	96802427	02/12/1446H (corresponding to 29/05/2025G)	02/01/1447H (corresponding to 27/06/2025G)	General Organization for Social Insurance (GOSI)

Source: The Company

9.5.2.3 Licenses, Certificates, and Approvals Related to Global Marketing Company for Sleeping System Limited

9.5.2.3.1 Licenses, Certificates, and Approvals for the Head Office of Global Marketing Company for Sleeping System Limited

The table below presents the licenses, approvals, and certificates obtained by Global Marketing Company for Sleeping System Limited through its Head Office:

Table 86: Licenses and Certificates for the Head Office of Global Marketing Company for Sleeping System Limited

Certificate Type	Purpose	Certificate Holder	Certificate Number	Date of Issuance/Renewal	Date of Expiry	Issuing Entity
Commercial Registration	Commercial Registration of the subsidiary in the commercial register	Global Marketing Company for Sleeping System Limited	4030121778	18/03/1418H (corresponding to 23/07/1997G)	17/03/1450H (corresponding to 08/08/2028G)	Ministry of Commerce – Commercial Registration Office in Jeddah
Chamber of Commerce Membership Certificate – First Class	In Compliance with the Commercial Registration Law	Global Marketing Company for Sleeping System Limited	64968	18/02/1446H (corresponding to 22/08/2024G)	17/03/1450H (corresponding to 08/08/2028G)	Jeddah Chamber of Commerce
VAT Registration Certificate	To confirm that the subsidiary company is registered for Value Added Tax (VAT)	Global Marketing Company for Sleeping System Limited	300162165300003	21/02/1439H (corresponding to 10/11/2017G)	Not Applicable	Zakat, Tax and Customs Authority
Social Insurance Subscription Certificate	In Compliance with the social Insurance Law	Global Marketing Company for Sleeping System Limited	96745979	01/12/1446H (Corresponding to 28/05/2025G)	01/01/1447H (corresponding to 26/06/2025G)	General Organization for Social Insurance (GOSI)
Wage Protection Program Compliance Certificate	To confirm that the subsidiary company complies with depositing employees' wages through local banks and regularly submitting the wage file	Global Marketing Company for Sleeping System Limited	135385-15048308	01/12/1446H (corresponding to 28/05/2025G)	03/01/1447H (corresponding to 28/06/2025G)	Ministry of Human Resources and Social Development
Saudization Certificate	Certifying that the company has achieved a Saudization rate of 25% and is classified under the "Low Green" category	Global Marketing Company for Sleeping System Limited	462567-12903594	07/12/1446H (corresponding to 03/06/2025G)	09/03/1447H (corresponding to 01/09/2025G)	Ministry of Human Resources and Social Development – Qiwa
Nitaqat Report	Certifying that the company has a Saudization rate of 25.04% and is classified under the "Low Green" category	Global Marketing Company for Sleeping System Limited	Group's number 4813-9	May 2025G	--	Qiwa Platform
Industrial License	In Compliance with Ministry of Industry and Mineral Resources regulations and certifying that the subsidiary is in production	Global Marketing Company for Sleeping System Limited	411223233	15/07/1441H (corresponding to 10/03/2020G)	25/10/1450H (corresponding to 10/03/2029G)	Ministry of Industry and Mineral Resources
Operating License*	Permit to operate the facility in Jeddah First Industrial City (Contract No. 815092)	Global Marketing Company for Sleeping System Limited	OLC-23-06-13001994	24/11/1444H (corresponding to 13/06/2023G)	07/12/1445H (corresponding to 13/06/2024G)	Saudi Authority for Industrial Cities and Technology Zones (MODON)
Environmental Operating Permit	In Compliance with National Center for Environmental Compliance requirements	Global Marketing Company for Sleeping System Limited	9410	15/07/1444H (corresponding to 06/02/2023G)	22/06/1447H (corresponding to 13/12/2025G)	National Center for Environmental Compliance

Certificate Type	Purpose	Certificate Holder	Certificate Number	Date of Issuance/Renewal	Date of Expiry	Issuing Entity
ISO certification	To certify that the subsidiary is committed to the standards of implementing the ISO/IEC 9001:2015 Quality Management System.	Global Marketing Company for Sleeping System Limited	Q-2198-23	17/11/1444H (corresponding to 06/06/2023G)	19/12/1447H (corresponding to 05/06/2026G)	Magistratus

Source: The Company

* Work is underway to renew the license

9.5.2.3.2 Licenses, Certificates, and Approvals for the Branches of the Subsidiary Company Global Marketing Company for Sleeping System Limited (Sleep High)

- The following table outlines the current licenses and approvals obtained by the subsidiary Company related to the branches of the Global Marketing Company for Sleeping System Limited (Sleep High)

Table 87: Licenses and Certificates Related to the Branches of the Global Marketing Company for Sleeping System Limited (Sleep High)

Certificate Type	Purpose	Certificate Holder	Certificate Number	Date of Issuance/Renewal	Date of Expiry	Issuing Entity
Riyadh Branch						
Commercial Registration	Commercial Registration of the subsidiary's branch in the commercial registry	Global Marketing Company for Sleeping System Limited	1010198351	11/04/1425H (corresponding to 30/05/2004G)	12/04/1447H (corresponding to 04/10/2025G)	Ministry of Commerce – Commercial Registration Office in Riyadh
Chamber of Commerce Membership Certificate	In Compliance with the Commercial Register Law	Global Marketing Company for Sleeping System Limited	475653	--	12/04/1447H (corresponding to 04/10/2025G)	Riyadh Chamber of Commerce
Social Insurance Subscription Certificate	Compliance with the Social Insurance Law	Global Marketing Company for Sleeping System Limited	96746198	01/12/1446H (corresponding to 28/05/2025G)	01/07/1447H (corresponding to 26/06/2025G)	General Organization for Social Insurance
Wage Protection Regulation Compliance Certificate	To certify that the branch of the subsidiary is committed to depositing employees' wages through local banks and regularly submitting the wage file	Global Marketing Company for Sleeping System Limited	18973260-322302	01/12/1446H (corresponding to 28/05/2025G)	03/01/1447H (corresponding to 28/06/2025G)	Ministry of Human Resources and Social Development
Saudization Certificate	Certifying that the subsidiary's branch achieves a localization rate of (30%) and is classified in the Low Green category	Global Marketing Company for Sleeping System Limited	863874-47113819	07/12/1446H (corresponding to 03/06/2025G)	09/03/1447H (corresponding to 01/09/2025G)	Ministry of Human Resources and Social Development
Nitaqat Report	Certifying that the subsidiary's branch is classified in the Low Green category	Global Marketing Company for Sleeping System Limited	Group's number 9-4813	May 2025G	--	Qiwa Platform
Modern Foam Products Factory (Branch of Global Marketing Company for Sleeping System Limited)						
Commercial Registration	Registration of the subsidiary's branch in the commercial registry	Modern Foam Products Factory (Branch of Global Marketing Company for Sleeping System Limited)	4030149430	04/04/1425H (corresponding to 23/05/2004G)	04/04/1450H (corresponding to 25/08/2028G)	Ministry of Commerce – Commercial Registration Office in Jeddah
Industrial License	License for industrial activities (Foam product manufacturing – Traditional seating production – Foam product manufacturing)	Modern Foam Products Factory (Branch of Global Marketing Company for Sleeping System Limited)	451110134585	08/08/1445H (corresponding to 18/02/2024G)	05/10/1450H (corresponding to 18/02/2029G)	Ministry of Industry and Mineral Resources

Certificate Type	Purpose	Certificate Holder	Certificate Number	Date of Issuance/Renewal	Date of Expiry	Issuing Entity
Operating Permit*	Permission to operate the facility in the Jeddah First Industrial City (Contract No. 31186)	Modern Foam Products Factory (Branch of Global Marketing Company for Sleeping System Limited)	OLC-23-05-23001535	03/11/1444H (corresponding to 23/05/2023G)	15/11/1445H (corresponding to 23/05/2024G)	
Environmental Operating Permit	Compliance with the requirements of the National Center for Environmental Compliance	Modern Foam Products Factory (Branch of Global Marketing Company for Sleeping System Limited)	EPOPP-2025- 007280	13/11/1446H (corresponding to 11/05/2025G)	16/12/1449H (corresponding to 11/05/2028G)	National Center for Environmental Compliance
Social Insurance Subscription Certificate	Compliance with the Social Insurance Law	Modern Foam Products Factory (Branch of Global Marketing Company for Sleeping System Limited)	96746148	01/12/1446H (corresponding to 28/05/2025G)	01/01/1447H (corresponding to 27/06/2025G)	General Organization for Social Insurance
Wage Protection Regulation Compliance Certificate	Certifying that the subsidiary's branch complies with the Wage Protection Protocol by depositing salaries through local banks and regularly submitting the wage file	Modern Foam Products Factory (Branch of Global Marketing Company for Sleeping System Limited)	13051710-158628	10/12/1446H (corresponding to 06/06/2025G)	11/01/1447H (corresponding to 06/07/2025G)	Ministry of Human Resources and Social Development
Saudization Certificate	Certifying that the subsidiary's branch achieves a localization rate of (25%) and it is classified in the low green range	Modern Foam Products Factory (Branch of Global Marketing Company for Sleeping System Limited)	11306840-123547	01/12/1446H (corresponding to 28/05/2025G)	03/03/1447H (corresponding to 26/08/2025G)	Ministry of Human Resources and Social Development
Modern Cotton & Fiber Products Factory (Branch of Global Marketing Company for Sleeping System Limited)						
Commercial Registration	Registration of the subsidiary's branch in the commercial registry	Modern Cotton & Fiber Products Factory (Branch of Global Marketing Company for Sleeping System Limited)	4030149431	04/04/1425H (corresponding to 23/05/2004G)	04/04/1448H (corresponding to 15/09/2026G)	Ministry of Commerce – Commercial Registration Office in Jeddah
Social Insurance Certificate	Certifying that the subsidiary's branch is not subject to the Social Insurance Law	Modern Cotton & Fiber Products Factory (Branch of Global Marketing Company for Sleeping System Limited)	96746108	01/12/1446H (corresponding to 28/05/2025G))	01/01/1447H (corresponding to 27/06/2025G)	General Organization for Social Insurance
Industrial Facility License*	License for industrial activities (Cotton fabric production – Foam product manufacturing – Cotton spinning and preparation)	Modern Cotton & Fiber Products Factory (Branch of Global Marketing Company for Sleeping System Limited)	451110132048	12/05/1445H (corresponding to 26/11/2023G)	24/05/1446H (corresponding to 26/11/2024G)	Ministry of Industry and Mineral Resources
Operating License*	Operating permit in Jeddah First Industrial City (Contract No. 815009)	Modern Cotton & Fiber Products Factory (Branch of Global Marketing Company for Sleeping System Limited)	OLC-23-05-29001717	10/12/1444H (corresponding to 30/05/2023G)	22/11/1445H (corresponding to 30/05/2024G)	Saudi Authority for Industrial Cities & Technology Zones
Environmental Operating Permit	Compliance with the requirements of the National Center for Environmental Compliance	Modern Cotton & Fiber Products Factory (Branch of Global Marketing Company for Sleeping System Limited)	EPOPP-2024-015831	23/06/1446H (corresponding to 24/12/2024G)	26/07/1449H (corresponding to 24/12/2027G)	National Center for Environmental Compliance
Modern Mattresses and Beds Factory, (a branch of the Global Marketing Company for Sleeping System Limited)						
Commercial Registration	Registration of the subsidiary's branch in the commercial registry	Modern Mattresses and Beds Factory, a branch of the Global Marketing Company for Sleeping System Limited	4030149432	04/04/1425H (corresponding to 23/05/2004G)	04/04/1450H (corresponding to 25/08/2028G)	Ministry of Commerce – Jeddah Commercial Registry Office

Certificate Type	Purpose	Certificate Holder	Certificate Number	Date of Issuance/Renewal	Date of Expiry	Issuing Entity
Social Insurance Certificate	Compliance with social insurance regulations	Modern Mattresses and Beds Factory, a branch of the Global Marketing Company for Sleeping System Limited	96746313	01/12/1446H (corresponding to 28/05/2025G)	01/01/1447H (corresponding to 27/06/2025G)	General Organization for Social Insurance
Wage Protection Regulations Compliance Certificate	Confirmation that the subsidiary's branch deposits employee wages through local banks and regularly submits payroll files	Modern Mattresses and Beds Factory, a branch of the Global Marketing Company for Sleeping System Limited	51743076-115958	01/12/1446H (corresponding to 28/05/2025G)	03/01/1447H (corresponding to 28/06/2025G)	Ministry of Human Resources and Social Development
Saudization Certificate	Confirmation that the subsidiary's branch has achieved a Saudization rate of 25% and is classified in the low green category	Modern Mattresses and Beds Factory, a branch of the Global Marketing Company for Sleeping System Limited	12478794-123400	01/12/1446H (corresponding to 28/05/2025G)	03/03/1447H (corresponding to 26/08/2025G)	Ministry of Human Resources and Social Development
Industrial License	License to engage in industrial activities (manufacturing various types of mattresses and wooden furniture)	Modern Mattresses and Beds Factory, a branch of the Global Marketing Company for Sleeping System Limited	441110122000	06/04/1444H (corresponding to 31/10/2022G)	01/06/1449H (corresponding to 31/10/2027G)	Ministry of Industry and Mineral Resources
Operating License*	Authorization to operate in Jeddah First Industrial City (Contract No. 805409)	Modern Mattresses and Beds Factory, a branch of the Global Marketing Company for Sleeping System Limited	OLC-23-05-17001414	27/10/1444H (corresponding to 17/05/2023G)	09/11/1445H (corresponding to 17/05/2024G)	Saudi Authority for Industrial Cities and Technology Zones
Operating License*	Authorization to operate in Jeddah First Industrial City (Contract No. 30010)	Modern Mattresses and Beds Factory, a branch of the Global Marketing Company for Sleeping System Limited	5871444116027358	16/01/1444H (corresponding to 14/08/2022G)	17/01/1445H (corresponding to 04/08/2023G)	Saudi Authority for Industrial Cities and Technology Zones
Operating License*	Authorization to operate in Jeddah First Industrial City (Contract No. 24000457)	Modern Mattresses and Beds Factory, a branch of the Global Marketing Company for Sleeping System Limited	OLC-24-05-01000976	22/10/1445H (corresponding to 01/05/2024G)	01/07/1446H (corresponding to 01/01/2025G)	Saudi Authority for Industrial Cities and Technology Zones
Environmental Operating Permit	Compliance with environmental regulations	Modern Mattresses and Beds Factory, a branch of the Global Marketing Company for Sleeping System Limited	EPOPP-2024-015891	15/06/1446H (corresponding to 16/12/2024G)	18/07/1449H (corresponding to 16/12/2027G)	National Center for Environmental Compliance
Global Marketing Company for Sleeping System Limited (Makkah Branch)						
Commercial Registration	Registration of the subsidiary's branch in the commercial registry	Global Marketing Company for Sleeping System Limited	4031038062	15/02/1419H (corresponding to 10/06/1998G)	10/02/1447H (corresponding to 04/08/2025G)	Ministry of Commerce – Makkah Commercial Registry Office
Chamber of Commerce Membership Certificate – First class	Compliance with commercial registration regulations	Global Marketing Company for Sleeping System Limited	202011101350	27/04/1446H (corresponding to 30/10/2024G)	10/02/1447H (corresponding to 04/08/2025G)	Makkah Chamber of Commerce
Social Insurance Certificate	Confirmation that the subsidiary's branch is not subject to social insurance regulations	Global Marketing Company for Sleeping System Limited	96746364	01/12/1446H (corresponding to 28/05/2025G)	01/01/1447H (corresponding to 26/06/2025G)	General Organization for Social Insurance
Safety Certificate	Compliance with field safety standards and civil defense requirements	Global Marketing Company for Sleeping System Limited	46-001708499-1	05/07/1446H (corresponding to 05/01/2025G)	05/07/1447H (corresponding to 25/12/2025G)	Civil Defense

Certificate Type	Purpose	Certificate Holder	Certificate Number	Date of Issuance/Renewal	Date of Expiry	Issuing Entity
Municipal License	Licensing for commercial activities	Global Marketing Company for Sleeping System Limited	3909560975	--	12/07/1446H (corresponding to 12/01/2025G)	The Municipality of Holy Capital – Al-Shawqiyah Sub-Municipality – Al-Mohammedia District – Dr. Abdulqader Koshak Street

Source: The Company

* Work is underway to renew permits and licenses.

9.5.2.3.3 Municipal Licenses and Safety Certificates Related to the Subsidiary Company, Global Marketing Company for Sleeping System Limited

- The subsidiary company, Global Marketing Company for Sleeping System Limited has issued municipal licenses and safety certificates for the sites it operates as follows:

Table 88: Municipal Licenses and Safety Certificates Related to Global Marketing Company for Sleeping System Limited

No.	Company Name	Municipality License Number	Commercial Registration Number	Licensed Activity	License Expiry Date	Address as per Municipality License	Safety Certificate (Civil Defense)
1	Global Marketing Company for Sleeping System Limited	41083501083	4030121778	General warehouses containing a variety of goods	02/11/1450H (corresponding to 17/03/2029G)	Jeddah Municipality – Al-Malisea Sub-Municipality – Al-Sarwat District – Ibn Al-Qayyim Al-Jawziyah Street	Compliant – Safety Certificate No. (46-000544851-3) issued on 24/11/1446H (corresponding to 22/05/2025G) valid until 02/11/1450H (corresponding to 17/03/2029G)
2	Global Marketing Company for Sleeping System Limited	40021723589	4030121778	Retail sale of blankets, bed sheets, linens, and covers	03/01/1447H (corresponding to 28/06/2025G)	Riyadh Municipality – Al-Urayja Sub-Municipality – Dhahrat Al-Badi'a District – Al-Madina Al-Munawara Street	Compliant – Safety Certificate No. (46-001656551-1) issued on 07/04/1446H (corresponding to 10/10/2024G) valid until 03/01/1447H (corresponding to 28/06/2025G)
3	Global Marketing Company for Sleeping System Limited	40021724571	1010198351	Retail sale of blankets, bed sheets, linens, and covers	14/09/1447H (corresponding to 03/03/2026G)	Riyadh Municipality – Al-Olaya Sub-Municipality – Al-Wurud District – Al-Oruba Street	Compliant – Safety Certificate No. (45-001518808-1) issued on 30/12/1445H (corresponding to 06/07/2024G) valid until 14/09/1447H (corresponding to 03/03/2026G)
4	Global Marketing Company for Sleeping System Limited	40031756865	1010198351	Retail sale of home furniture	16/08/1447H (corresponding to 04/02/2026G)	Riyadh Municipality – Al-Olaya Sub-Municipality – Al-Muruj District – Fatima Bint Muhammad Al-Qayrawani Street	Compliant – Safety Certificate No. (45-0001754754-1) issued on 30/06/1446H (corresponding to 31/12/2024G) valid until 16/08/1447H (corresponding to 04/02/2026G)
5	Global Marketing Company for Sleeping System Limited	40021741413	1010198351	Retail sale of home furniture	26/05/1448H (corresponding to 06/11/2026G)	Riyadh Municipality – Al-Shifa Sub-Municipality – Al-Shifa District – Dairab Street	Non-compliant*
6	Global Marketing Company for Sleeping System Limited	39111329330	4031038062	Retail sale of home furniture	04/08/1447H (corresponding to 23/01/2026G)	Jeddah Municipality – New Jeddah Sub-Municipality – Al-Salamah District – Abdul Qader Al-Jabbali Street	Compliant – Safety Certificate No. (46-001710702-1) issued on 18/05/1446H (corresponding to 20/11/2024G) valid until 04/08/1447H (corresponding to 23/01/2026G)

No.	Company Name	Municipality License Number	Commercial Registration Number	Licensed Activity	License Expiry Date	Address as per Municipality License	Safety Certificate (Civil Defense)
7	Global Marketing Company for Sleeping System Limited	440110289961	4031038062	Retail sale of blankets, bed sheets, linens, and covers	20/03/1446H (corresponding to 23/09/2024G)	Jeddah Municipality – Al-Aziziyah Sub-Municipality – Mishrifah District – Al-Madina Al-Munawara Road	Compliant – Safety Certificate No. (46-00183441-1) issued on 19/03/1446H (corresponding to 19/03/2025G) valid until 19/09/1447H (corresponding to 08/03/2026G)

Source: The Company

* The certificate is currently being processed, with the application submitted on 01/12/1446H (corresponding to 28/05/2025G)

9.5.2.3.4 Licenses, Certificates, and Approvals for the Head Head Office of the Subsidiary Company, Emmdad Logistic Services Company

- The table below outlines the licenses, approvals, and certificates obtained by the subsidiary Company, Emmdad Logistic Services Company, through its main head office:

Table 89: Licenses and Certificates Related to the Main Headquarters of Emmdad Logistic Services Company

Issuing Entity	Date of Expiry	Date of Issuance	Certificate Number	Certificate Holder	Purpose	Certificate
Commercial Registration	Registration of the subsidiary Company in the commercial registry	Emmdad Logistic Services Company	1010386443	21/10/1434H (corresponding to 28/08/2013G)	02/11/1447H (corresponding to 19/04/2026G)	Ministry of Commerce – Commercial Registry Office, Riyadh
Chamber of Commerce and Industry Membership Certificate – First Class	Compliance with the provisions of the Commercial Registry Law	Emmdad Logistic Services Company	43100	22/10/1434H (corresponding to 29/08/2013G)	23/01/1447H (corresponding to 18/07/2025G)	Riyadh Chamber
Zakat Certificate	Confirmation that the subsidiary Company has submitted its annual declaration and paid zakat for the financial year ending 31/12/2024G	Emmdad Logistic Services Company	1026304496	08/11/1446H (corresponding to 06/06/2025G)	02/11/1446H (corresponding to 30/04/2025G)	Zakat, Tax, and Customs Authority
VAT Registration Certificate	Confirmation that the subsidiary Company is registered for VAT	Emmdad Logistic Services Company	300912592800003	23/02/1439H (corresponding to 12/11/2017G)	Not Applicable	Zakat, Tax, and Customs Authority
Social Insurance Subscription Certificate	Compliance with the Social Insurance Law	Emmdad Logistic Services Company	96811105	02/12/1446H (corresponding to 29/05/2025G)	02/01/1447H (corresponding to 27/06/2025G)	General Organization for Social Insurance (GOSI)
Wage Protection Regulation Compliance Certificate	Confirmation that the subsidiary Company is committed to depositing employees' wages through local banks and regularly submitting payroll files	Emmdad Logistic Services Company	72522464-201191	01/12/1446H (corresponding to 29/05/2025G)	03/01/1447H (corresponding to 29/06/2025G)	Ministry of Human Resources and Social Development
Saudization Certificate	Confirmation that the subsidiary achieved a Saudization rate of 22% and is classified within the medium green level	Emmdad Logistic Services Company	119634-47496850	06/11/1446H (corresponding to 04/05/2025G)	08/02/1446H (corresponding to 02/08/2025G)	Ministry of Human Resources and Social Development – Qiwa
Road Freight Transport License	Compliance with the requirements of the General Transport Authority	Emmdad Logistic Services Company	00001275/11	17/01/1441H (corresponding to 16/09/2019G)	01/02/1449H (corresponding to 05/07/2027G)	General Transport Authority

Issuing Entity	Date of Expiry	Date of Issuance	Certificate Number	Certificate Holder	Purpose	Certificate
Nitaqat Report	Confirmation that the subsidiary Company has a Saudization rate of 22.15% and is within the medium green level	Emmdad Logistic Services Company	Group's number 1-364080	May 2025G	Not Applicable	Qiwa Platform
Safety Certificate	Compliance with field safety standards and requirements according to Civil Defense regulations	Emmdad Logistic Services Company	45-001388921-1	22/10/1445H (corresponding to 01/05/2024G)	08/05/1448H (corresponding to 19/10/2026G)	Civil Defense
Municipal License	Licensing the Company to conduct commercial activities	Emmdad Logistic Services Company	40102422942	--	08/05/1448H (corresponding to 19/10/2026G)	Riyadh Municipality – Al-Sulai Municipality – Al-Masha'el District – Malah Street

Source: The Company

9.5.2.3.5 Licenses, Certificates, and Approvals for the branches of the Subsidiary Company, Emmdad Logistic Services Company

- The following table outlines the current licenses and approvals obtained by the subsidiary Company related to the branches of Emmdad Logistic Services Company

Table 90: Essential Licenses and Certificates for the Branches of Emmdad Logistic Services Company

Issuing Entity	Date of Expiry	Date of Issuance	Certificate Number	Certificate Holder	Purpose	Certificate
Emmdad Logistic Services Company (Dammam Branch)						
Commercial Registration	Registration of the subsidiary branch in the commercial registry	Emmdad Logistic Services Company	2050130015	29/02/1441H (corresponding to 28/10/2019G)	29/02/1447H 23/08/2025 (corresponding to 23/08/2025G)	Ministry of Commerce – Commercial Registration Office, Dammam
Chamber of Commerce Membership Certificate	Compliance with the Commercial Registration Law	Emmdad Logistic Services Company	276322	--	29/02/1447H (corresponding to 23/08/2025G)	Eastern Chamber of Commerce
Social Insurance Subscription Certificate	Confirmation that the subsidiary's branch is not subject to social insurance regulations	Emmdad Logistic Services Company	96815177	02/12/1446H (corresponding to 29/05/2025G)	02/01/1447H (corresponding to 27/06/2025G)	General Organization for Social Insurance
Safety Certificate	Compliance with safety standards and field conditions as per Civil Defense requirements	Emmdad Logistic Services Company	46-000592756-5	10/08/1445H (corresponding to 20/02/2024G)	27/04/1447H (corresponding to 19/10/2025)	Civil Defense
Municipal License	License for commercial activity	Emmdad Logistic Services Company	41052652216	--	27/04/1447H (corresponding to 19/10/2025G)	Eastern Province Municipality – East Dammam Municipality – Al-Khalidiyah Al-Shamaliyah District – Abu Al-Hasan Al-Zahrawi Street
Emmdad Logistic Services Company (Dammam Branch)						
Commercial Registration	Registration of the subsidiary's branch in the commercial registry	Emmdad Logistic Services Company	2050148490	29/01/1443H (corresponding to 06/09/2021G)	10/02/1447H 04/08/2025 (corresponding to 04/08/2025G)	Ministry of Commerce – Commercial Registration Office, Dammam
Chamber of Commerce Membership Certificate	Compliance with the Commercial Registration Law	Emmdad Logistic Services Company	339769	--	29/02/1447H (corresponding to 23/08/2025G)	Eastern Chamber of Commerce
Social Insurance Subscription Certificate	Compliance with the Social Insurance regulations	Emmdad Logistic Services Company	96811333	02/12/1446H (corresponding to 29/05/2025G)	02/01/1447H (corresponding to 27/06/2025G)	General Organization for Social Insurance

Issuing Entity	Date of Expiry	Date of Issuance	Certificate Number	Certificate Holder	Purpose	Certificate
Wage Protection Compliance Certificate	Confirmation that the subsidiary's branch complies with wage protection regulations	Emmdad Logistic Services Company	19649256-138940	01/12/1446H (corresponding to 29/05/2025G)	03/01/1447H (corresponding to 29/06/2025G)	Ministry of Human Resources and Social Development
Saudization Certificate*	-	Emmdad Logistic Services Company	-	-	-	Ministry of Human Resources and Social Development
Nitaqat Report	Confirmation that the subsidiary's branch has a Saudization rate of (19.14%) and is classified in the red category	Emmdad Logistic Services Company	Group's number 1-364080	May 2025G	Not Applicable	Qiwa Platform
Emmdad Logistic Services Company (Jeddah branch)						
Commercial Registration	Registration of the subsidiary's branch in the commercial registry	Emmdad Logistic Services Company	4030261600	16/02/1435H (corresponding to 19/12/2013G)	16/02/1447H (corresponding to 10/08/2025G)	Ministry of Commerce – Commercial Registration Office, Jeddah
Chamber of Commerce Membership Certificate – First Grade	Compliance with the Commercial Register Law	Emmdad Logistic Services Company	193624	16/02/1435H (corresponding to 19/12/2013G)	16/02/1447H (corresponding to 10/08/2025G)	Jeddah Chamber of Commerce

Source: The Company

* The procedures required to obtain a localization certificate are currently being completed after the range rises.

9.5.2.4 Licenses, Certificates, and Approvals Related to the Subsidiary Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)

- The table below outlines the licenses, approvals, and certificates obtained by the subsidiary, the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High), from the relevant authorities in the Arab Republic of Egypt:

Table 91: Key Licenses and Certificates for the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)

Issuing Entity	Date of Expiry	Date of Issuance	Certificate Number	Certificate Holder	Purpose	Certificate
Commercial Registration	Registration of the subsidiary Company in the Cairo Investment Commercial Registry Office	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	1763	14/12/1418H (corresponding to 11/04/1998G)	11/11/1449H (corresponding to 10/04/2028G)	Ministry of Supply and Internal Trade – General Authority for Trade Development – Central Administration for Commercial Registry – Cairo Investment Commercial Registry Office
Membership Certificate	Confirmation that the subsidiary Company is registered in the Chamber of Ready-Made Garments and Home Furnishings Industry	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) (Plot 93 – Third Industrial Zone – 6th of October City – Giza)	818	12/07/1446H (corresponding to 12/01/2025G)	11/07/1447H (corresponding to 31/12/2025G)	Chamber of Ready-Made Garments and Home Furnishings Industry – Federation of Egyptian Industries
Industrial Register Certificate	License for manufacturing products: mattress cover, quilt, pillows, cushions, spring mattresses from foam or other materials	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	0618042701030989 (2008)	06/06/1445H (corresponding to 19/12/2023G)	26/06/1450H (corresponding to 13/11/2028G)	General Authority for Industrial Development – Ministry of Trade and Industry

Issuing Entity	Date of Expiry	Date of Issuance	Certificate Number	Certificate Holder	Purpose	Certificate
Industrial Register Certificate	License for manufacturing industrial foam sheets, blocks	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	623060501035485 (2018)	23/09/1446H (corresponding to 23/03/2025G)	30/03/1447H (corresponding to 22/09/2025G)	General Authority for Industrial Development – Ministry of Trade and Industry
Operating License	Compliance with the Egyptian Law on Facilitating the Licensing Procedures for Industrial Establishments	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	00003 20 02 2019 12	15/06/1440H (corresponding to 20/02/2019G)	Not Specified	General Authority for Industrial Development – Ministry of Trade and Industry
Permanent Operating License (Notification procedure)	Compliance with the Egyptian Law on Facilitating the Licensing Procedures for Industrial Establishments	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	122018052000005	05/09/1439H (corresponding to 20/05/2018G)	Not Specified	General Authority for Industrial Development – Ministry of Trade and Industry
Chemical Storage License for an Industrial Facility	License for storing specific chemical materials	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	472/060	27/11/1446H (corresponding to 25/05/2025G)	30/03/1447H (corresponding to 22/09/2025G)	Ministry of Trade and Industry
VAT Registration Certificate	Confirmation that the subsidiary Company is registered under the Egyptian Value-Added Tax Law	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High Egypt)	459 – 001 – 205	10/11/1445H (corresponding to 18/05/2024G)	27/04/1447H (corresponding to 19/10/2025G)	Ministry of Finance – Egyptian Tax Authority
Social Insurance Subscription Certificate	Confirmation that the number of employees registered under the subsidiary Company is 147	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	1603125	22/02/1446H (corresponding to 26/08/2024G)	Not Specified	National Organization for Social Insurance
ISO Certificate	Confirmation that the subsidiary Company complies with ISO 9001:2015 Quality Management Procedure	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	EG24. 0601.A/Q	25/11/1445H (corresponding to 02/06/2024G)	26/12/1448H (corresponding to 01/06/2027G)	CERT IND Middle East
ISO Certificate	Confirmation that the subsidiary Company complies with ISO 45001:2018 Occupational Health and Safety Management Procedure	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	EG24. 0602.A/Q	25/11/1445H (corresponding to 02/06/2024G)	26/12/1448H (corresponding to 01/06/2027G)	CERT IND Middle East

Source: The Company

* Renewal is in progress.

9.6 Continuing Obligations Imposed by Government Authorities on the Company in its Capacity as the “Licensee”

- The Company and its subsidiaries are required to comply with the continuing obligations imposed by government agencies in its capacity as license holder. Failure to comply with these obligations may result in penalties such as warnings or financial fines, as well as the possibility of closing headquarters or suspending e-government services. Below are the key continuing obligations imposed by government authorities in the Kingdom of Saudi Arabia on the Company and its subsidiaries as the license holder:

9.6.1 Continuing Obligations According to the Requirements of the Ministry of Commerce

Parent Company:

- The Company is in compliance with the Commercial Register Law in terms of registration with the Commercial Registry Office in the city of Jeddah, where the head office is located, under certificate No. (4030092792) dated 17/07/1413H (corresponding to 10/01/1993G), which expires on 16/07/1447H (corresponding to 05/01/2026G). The Company is also in compliance with the Commercial Register Law in terms of obtaining a membership certificate from the Chamber of Jeddah under Certificate No. (40975) dated 18/02/1446H (corresponding to 22/08/2024G) and its validity expires on 16/07/1447H (corresponding to 05/01/2026G).
- As at the date of this Prospectus, the Company’s Bylaws have been harmonized and updated in accordance with the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), as the Company has submitted on 14/06/1446H (corresponding to 15/12/2024G) a request to the Ministry of Commerce to include the proposed amendments to the Bylaws in the agenda of the Extraordinary General Assembly and obtained no-objection.
- On 03/09/1446H (corresponding to 03/03/2025G), the Extraordinary General Assembly approved the amendment of the Bylaws, and the procedures for issuing the Bylaws have been completed. The updated Bylaws were published on the Saudi Stock Exchange (Tadawul) website as of the date of this Prospectus.
- The latest version of the Bylaws was issued based on the resolution of the Extraordinary General Assembly of Shareholders held on 03/09/1446H (corresponding to 03/03/2025G) and the Bylaws were adopted by the Ministry of Commerce (Operations Management) on 19/09/1446H (corresponding to 16/03/2025G). The Company is in compliance with the requirements of the Capital Market Authority and the Saudi Exchange Company (Tadawul) in terms of uploading an electronic copy of the Bylaws on the Tadawul website on the Company’s private page.
- The Company has completed the procedures for incorporating its branches and is in compliance with the Commercial Registry Law in terms of registration with the Commercial Registry Department for all its branches in the cities of Riyadh and Yanbu.
- The Company is in compliance with the provisions of Article (88) of the Companies Law, which requires the General Assembly of Shareholders to be held at least once during the six months following the end of the Company’s financial year, as the Company held the annual regular assembly for the year 2023G on 07/12/1445H (corresponding to 13/06/2024G).

Subsidiaries:

- The subsidiary, SIDC Commercial Investment Company and the subsidiary, SIDC Investment Projects Company, are in compliance with the registration requirements in the commercial registry in Riyadh under the number (4030120377) of SIDC Commercial Investment Company and under the number (4030223716) of SIDC Investment Projects Company. The incorporation procedures were completed by obtaining a certificate of membership of the Jeddah Chamber No. (62143) for SIDC Commercial Investment Company and No. (167536) for SIDC Investment Projects Company. All these certificates remain valid as of the date of this Prospectus.
- The subsidiary, Global Marketing Company for Sleeping System Limited is registered with the Commercial Registry Office in Jeddah under the number (4030121778) and has obtained a certificate of membership in the Jeddah Chamber under the number (64968). The subsidiary Company has (5) other branches registered in the cities of Riyadh, Jeddah and Makkah and has obtained certificates of registration in the commercial register and is registered in the chambers of Riyadh, Jeddah and Makkah. All certificates related to the commercial register of the subsidiary of the Global Sleeping Goods Marketing Company Limited and its subsidiaries are valid as at the date of this Prospectus.
- The subsidiary, Emmdad Logistic Services Company, is registered with the Commercial Registry Department in Riyadh under the number (1010386443). It has also obtained a certificate of membership in the Jeddah Chamber with the number (43100). The subsidiary has (3) other branches registered in the cities of Dammam and Jeddah and has extracted certificates of registration in the commercial register and is registered in the Asharqia Chamber and Jeddah Chamber. All certificates related to the commercial register of Emmdad Support Services and its branches are valid as of the date of this Prospectus.

9.6.2 Continuing Obligations According to the Requirements of the Zakat, Tax and Customs Authority

- The Company is required to submit its zakat and tax returns within (120) days of the end of the financial year for the purpose of renewing the certificate issued by the Zakat, Tax and Customs Authority. The Company was registered as a taxpayer under the distinctive tax number (3000027732). The Company submitted its zakat return with its subsidiaries (with the exception of Emmdad Logistic Services Company) on a consolidated basis starting from 2015G, and the Company submitted its Zakat declaration for the financial year ending in 2024G and obtained a Zakat certificate from the Zakat, Tax and Customs Authority under the number (1116014671) dated 02/11/1446H (corresponding to 30/04/2025G) and expires on 13/11/1447H (corresponding to 30/04/2026G). This certificate enables the Company to complete all its transactions, including paying its final dues from the contracts.
- The Company is in compliance with the VAT and its executive regulations and is registered with the Zakat, Tax and Customs Authority under the tax number (300002773200003) dated 03/12/1438H (corresponding to 25/08/2017G).
- Zakat and Tax status for the Company and its subsidiaries:

Saudi Industrial Development Company (SIDC):

In 2018G:

The Company finalized its Zakat status by the end of financial year 2018G after settling and paying all its financial obligations to the Zakat, Tax, and Customs Authority (ZATCA), according to the account statement issued by ZATCA.

In 2019G to 2020G:

- The Company submitted its consolidated Zakat return for 2019G and 2020G in accordance with its consolidated financial statements and obtained the zakat certificate.
- The Company issued a preliminary draft assessment for 2019G and 2020G in the amount of (3,136,912.51) Saudi Riyals. The draft assessment was objected to, and the objection was successful for an amount of (2,641,516.16) Saudi Riyals. Amendment letters were issued on November 1, 2021G, for an amount of (495,396.35) Saudi Riyals. The entire discrepancy was objected to, and (25%) of the Zakat on the objected items, amounting to (123,849.09) Saudi Riyals, was paid. A decision was issued to partially accept the objection in the amount of (23,368) Saudi Riyals, so the objected amount became (472,028.35) Saudi Riyals.
- The objection was escalated to the General Secretariat of the Tax Committees with case number (113861-2022-Z) for the year 2019G and with case number (113863-2022-Z) for the year 2020G, and the case was suspended in order to submit a settlement for the above years to the Zakat and Tax Disputes Settlement Committee, and the request was received with reference number 20811 and dated 10/10/2022G and the settlement request was rejected, and on 10/01/2023G a session was held at the General Secretariat of the Zakat, Tax and Customs Committees and the objection was rejected, and the decision was issued by the General Secretariat and the committee supported the Authority's decision, the objection was escalated to the Appeal Committee with case numbers (193987-2023-Z) and (193989-2023-Z) and the Appeal Committee's decision was issued to reject the objection, and thus the decision becomes Final Appeals Committee.
- The Company established a zakat provision for all disputed zakat differences.
- The Company finalized its zakat status for the years 2019G and 2020G and paid its zakat dues.

In 2021G:

- The Company submitted its financial statements and consolidated Zakat declaration for 2021G and obtained zakat certificate number (1110534187) dated 24/11/1442H.
- A request for additional information was issued for 2021G with reference number (26000468776) dated 22/06/2023G to complete the study of the consolidated Zakat declaration.
- The Company issued a preliminary assessment for 2021G in the amount of (1,965,719.42) Saudi Riyals. The assessment is still under discussion with ZATCA, and the Zakat assessment has not been issued to date.

In 2022G:

- The Company submitted its financial statements and consolidated Zakat declaration for 2022G and obtained Zakat certificate number (1110215139) dated 24/11/1444H.
- A request for additional information for 2022G was issued with reference number (26000628462) dated 07/08/2023G to complete the study of the consolidated Zakat declaration.
- The company issued a preliminary assessment for 2022G in the amount of (1,456,841.20) Saudi Riyals. The assessment is still under discussion with ZATCA, and the Zakat assessment has not been issued to date.

In 2023G:

- The Company submitted its consolidated financial statements and Zakat declaration for 2023 and received Zakat certificate number (1112028765) dated 26/10/1445H.
- A request for additional information for 2023G was issued with reference number (26000755966) dated 02/06/2024G to complete the study of the consolidated Zakat declaration. The request is still under discussion with ZATCA.

In 2024G:

- The Company submitted its consolidated financial statements and Zakat declaration for 2024G and received Zakat certificate number (1116014671) dated 02/11/1446H.

Value Added Tax:

- The Company finalized its tax status by the end of financial year 2023G after settling and paying all its financial obligations to ZATCA, according to the results of the audit study issued by ZATCA.
- The Company is regularly filing its monthly value-added tax returns and paying the tax due based on those returns.

Withholding Tax:

- The Company finalized its tax status by the end of financial year 2022G after settling and paying all its financial obligations to ZATCA, according to the account statement issued by ZATCA.
- The Company is submitting regularly its monthly withholding tax returns, if any, and paying the tax due based on those returns.

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In 2008G:

- The company finalized its Zakat status by the end of financial year 2008 after settling and paying all its financial obligations to the Authority, according to the account statement issued by ZATCA.

In 2009 to 2011:

- The company issued Zakat assessments for the years 2009G to 2011G in the amount of (2,896,078) Saudi Riyals. These assessments were contested, and the Authority issued amended Zakat assessments with total Zakat differences amounting to (2,785,989.35) Saudi Riyals, a decrease of (110,088.65) Saudi Riyals compared to its previous assessment. The Company filed its objection to these assessments with the General Secretariat of the Zakat, Tax, and Customs Committees under case number 98200-2022-Z. A hearing was held on January 2, 2023G, and the committee upheld the Authority's decision. The objection was escalated to the Appeals Committee under case number Z-2023-190917. The Appeals Committee rejected the objection, making the Appeals Committee's decision final. - The Company has established a Zakat provision for all disputed Zakat differences.
- The company submitted an installment plan for the dues from 2009G to 2011G on September 16, 2024G. The plan was accepted by the Authority, which divided the amount into (7) equal installments. The Company is committed to paying the installments.

In 2012G to 2014G:

- The company submitted its Zakat return for the years 2012G to 2014G according to its separate statements and obtained Zakat certificates.
- ZATCA has not issued any preliminary or final assessments for the years 2012G to 2014G until the date of issuance of the 2024G financial statements.

In 2015G to 2022G:

- The company submitted consolidated financial statements, and a consolidated Zakat return with its parent Company, the Saudi Industrial Development Company (SIDC).
- The company submitted its Zakat return (information declaration) for the years 2015G to 2022G, based on its standalone financial statements, and obtained Zakat certificates.

In 2023G:

- The company submitted its Zakat return (information declaration) for 2023G, based on its standalone financial statements, and obtained Zakat certificate number (1112165397), dated 10/23/1445H.

In 2024G:

- The company submitted its Zakat return (information declaration) for 2024G based on its standalone financial statements, and obtained Zakat certificate number (10116294581), dated 03/11/1446H.

Value Added Tax:

- The company finalized its tax status by the end of financial year 2020G after settling and paying all its financial obligations to the Authority, according to the account statement issued by ZATCA.
- The company is regularly filing its monthly value-added tax returns and paying the tax due based on those returns.

Withholding Tax:

- The company finalized its tax status by the end of financial year 2023G after settling and paying all its financial obligations to ZATCA, according to the annual declaration issued by ZATCA.
- The company is filing regularly its monthly withholding tax returns, if any, and paying the tax due based on those returns.

SIDC Commercial Investment Company

In 2015G to 2023G:

- The Company submits consolidated financial statements and a consolidated Zakat declaration with its Parent Company, the Saudi Industrial Development Company (SIDC).
- The company submitted its Zakat return (information declaration) for the years 2015G to 2023G, based on its standalone financial statements, and obtained Zakat certificates.

In 2024G:

- The company submitted its Zakat return (information declaration) for 2024G, based on its standalone financial statements, and obtained Zakat certificate number (1036256538), dated 03/11/1446H.

SIDC Investment Projects Company

From 2015G to 2023G:

- The company submitted consolidated financial statements, and a unified zakat return with its parent company, the Saudi Industrial Development Company (SIDC).
- The company submitted zakat return (information declaration) for the years 2015G to 2023G based on its standalone financial statements and obtained zakat certificate.

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In 2020G:

- The company finalized its Zakat status by the end of the 2020G financial year, after settling and paying all its financial obligations to ZATCA, according to the account statement issued by ZATCA.

In 2021G:

- The company finalized its Zakat status by the end of financial year 2021G, after settling and paying all its financial obligations to ZATCA, according to the account statement issued by ZATCA.

In 2022G:

- The company submitted its Zakat declaration for 2022G, paid the Zakat due on it, and obtained Zakat certificate number (1020265254) dated 21/12/1444H.

In 2023G:

- The company submitted its Zakat return for 2023G, paid the Zakat due according to this return, and obtained Zakat certificate number (1022261118) dated 29/10/1445H.

In 2024G:

- The company submitted its Zakat return for 2024G, paid the Zakat due according to this return, and obtained Zakat certificate number (1026304496) dated 08/11/1446H.

Value Added Tax:

- The Company finalized its tax status by the end of the 2021G financial year after settling and paying all its financial obligations to the Authority, according to the account statement issued by the Zakat, Tax, and Customs Authority.
- The Company is consistent in filing quarterly value-added tax returns and paying the tax due based on these returns.
- It is worth noting that the Company had previously been subjected to fines by ZATCA. In 2023G, the Company was subjected to a fine of (84,750) Saudi Riyals for the delay of SIDC Ceramic Factory "CASAVIA", branch of the Saudi Industrial Development Company, in completing the procedures for clearing and receiving shipments, in addition to another fine of (8,111) Saudi Riyals that the Company incurred during the year 2021G for the branch's delay in paying the value-added tax return due for the month of January 2021G.

9.6.3 Continuous Obligations According to the Requirements the Ministry of Human Resources and Social Development

Parent Company:

- A file was opened for the Company at the Ministry of Human Resources and Social Development (Labor Office) under the unified number (7001362164) according to the monthly report issued by the Qiwa platform for the month of September 2024G. As at the date of this Prospectus, the Company benefits from the electronic services of the Ministry of Human Resources and Social Development. A Saudization certificate was issued indicating that the Company's Saudization rate under the Nitaqat program (Nitaqat Mutawar) is (20%), it falls within the red category, according to certificate number (14614165-152865) dated 02/12/1446H (corresponding to 29/05/2025G) and expires on 04/03/1447H (corresponding to 27/08/2025G).
- The Company has an internal work regulation approved by the Ministry of Human Resources and Social Development (the Ministry of Human Resources and Social Development) under No. (577406), dated 18/04/1443H (corresponding to 23/11/2021G). An internal work regulation specific for SIDC Ceramic Factory "CASAVIA", branch of the Saudi Industrial Development Company (SIDC), was also approved at the Ministry of Human Resources and Social Development No. (24807), dated 24/08/1440H (corresponding to 29/04/2019G).
- The Company is compliant with the Wage Protection System (WPS) and regularly uploads the wages of its employees, pursuant to the Compliance Certificate No. (75325-619578-92489), dated 06/12/1446H (corresponding to 02/06/2025G). This certificate remains valid until 07/01/1447H (corresponding to 02/07/2025G). The Company's WPS compliance rate as of September 2024G is (100%) according to the Qiwa report.
- The Company is also compliant with the electronic documentation of the employment contracts for its employees, with a compliance rate of (100%) as of November 2024G, according to a report issued by the (Mudad) platform.

The Subsidiaries:

- **The Subsidiary Global Marketing Company for Sleeping System Limited**
 - A file was opened for the subsidiary Company Global Marketing Company for Sleeping System Limited at the Labor Office under the unified number (7001387948), and it benefits from the electronic services of the Ministry of Human Resources and Social Development. A Saudization certificate was issued indicating that its Saudization rate under the Nitaqat Program (Nitaqat Mutawar) is (25%) and it falls within the Low Green Zone, according to Certificate No. (12903594-462567), dated 07/12/1446H (corresponding to 03/06/2025G), valid until 09/03/1447H (corresponding to 01/09/2025G).
 - The subsidiary, Global Marketing Company for Sleeping System Limited, is compliant with preparing and approving the internal work regulation by the Ministry of Human Resources and Social Development under No. (973189), dated 22/08/1440H (corresponding to 27/04/2019G).
 - The subsidiary, Global Marketing Company for Sleeping System Limited, is compliant with the Wage Protection System and uploads the wages of its employees, based on Compliance Certificate No. (15048308-135385), dated 01/12/1446H (corresponding to 28/05/2025G), valid until 03/01/1447H (corresponding to 28/06/2025G). The WPS compliance rate as of September 2024 is (100%) according to the Qiwa report.
- **Emmdad Logistic Services Company**
 - A file was also opened for the subsidiary Company Emmdad Logistic Services Company at the Labor Office under the unified number (7001785513), and it benefits from the electronic services of the Ministry of Human Resources and Social Development. A Saudization Certificate was issued indicating that its Saudization rate under the Nitaqat Program (Nitaqat Mutawar) is (22%) and it falls within the Medium Green Zone, according to Certificate No. (47496850-119634), dated 06/11/1446H (corresponding to 04/05/2025G), valid until 08/02/1447H (corresponding to 02/08/2025G).

- The subsidiary Company, Emmdad Logistic Services Company, is compliant with preparing and approving the internal work regulation by the Ministry of Human Resources and Social Development under No. (438730), dated 19/05/1442H (corresponding to 03/01/2021G).
- The subsidiary company, Emmdad Logistic Services Company, is compliant with the Wage Protection System and regularly uploads the wages of its employees, based on Compliance Certificate No. (72522464-201191), dated 01/12/1446H (corresponding to 29/05/2025G), valid until 03/01/1447H (corresponding to 29/06/2025G). The WPS compliance rate as of September 2024 is (100%) according to the Qiwa report.

9.6.4 Continuous Obligations According to the Requirements of the General Organization for Social Insurance

Parent Company:

- A file has been opened for the Company with the General Organization for Social Insurance (GOSI) under subscription number (100025108). The Company participates in the pensions and occupational hazards branches for Saudi subscribers, and in the occupational hazards branch for non-Saudi subscribers, in accordance with Social Insurance Certificate No (96801793) dated 02/12/1446H (corresponding to 29/05/2025G).. In addition to the Company's head office, the Company's branch in Yanbu (registered in the commercial register under number 4700005290) is also compliant with GOSI regulations and is registered under subscription number (180007660).
- The value of total contributions paid by the Company (head office) for the year 2023G amounted to an amount of (341,112) Saudi Riyals according to the Company's statement. As for the Company's branch, SIDC Ceramic Factory "CASAVIA", branch of the Saudi Industrial Development Company (SIDC), the value of the subscriptions paid for the year 2023G amounted to (504,707) Saudi riyals.

Subsidiaries:

- A file has been opened for the subsidiary of the Global Marketing Company for Manufacturing Sleeping System Limited at the General Organization for Social Insurance under the subscription number (100034557). It is enrolled in the pension and occupational hazards branches for Saudi employees and in the occupational hazards branch for non-Saudi employees, in accordance with GOSI certificate no. (96745979) dated 01/12/1446H (corresponding to 25/05/2025G).
- A file has been also opened for the subsidiary of Emmdad Logistic Services Company at the General Organization for Social Insurance under the subscription number (507154883). It is enrolled in the pension and occupational hazards branches for Saudi employees and in the occupational hazards branch for non-Saudi employees, in accordance with GOSI certificate no. (96811102) dated 02/12/1446H (corresponding to 29/05/2025G).

9.6.5 Continuous Obligations according to the Requirements of the Capital Market Authority

- The Capital Market Authority (CMA) requires listed companies to comply with the Rules on the Offer of Securities and Continuing Obligations and other instructions issued by the CMA, particularly periodic disclosure of material and financial developments and Board of Directors' report.
- Annual financial results announced on the Tadawul platform must be derived from the audited financial statements approved by the Company's appointed external auditor and endorsed by the Board of Directors. The Company must adhere to the disclosure templates specified in the Companies' financial results announcement instructions. The Company is also required to provide a statement explaining all reasons and factors for changes in financial results for the current financial year compared to the comparative period, including all items disclosed in the financial results announcement.
- The CMA also mandates listed companies to disclose their progress in transitioning to International Financial Reporting Standards (IFRS). On 29/11/1437H (corresponding to 01/09/2016G), the Company announced on the Tadawul website its commitment to comply with IFRS.
- The CMA also requires listed companies to comply with the Instructions for Companies Announcements of Listed Joint Stock Companies issued by the Board of CMA pursuant to its resolution No. (1-199-2006) dated 18/07/1427H (corresponding to 12/08/2006G) amended by resolution No. (3-79-2023) dated 19/02/1445H (corresponding to 04/09/2023G).
- The CMA requires the listed companies to appoint representatives to the CMA for all purposes related to the implementation of the Capital Market Law and its implementing regulations. The Company is has complied with this requirement as the Board of Directors appointed on 01/07/1446H (corresponding to 01/01/2025G) E.ng Bandar Abdullah Ibrahim Alhomaiddhi (Vice Chairman of the Board of Directors – Managing Director) and Mr. Ahmed Hasan Mahmoud Shitaiwi (Chief Financial Officer) as representatives of the Company before the CMA.
- Similarly, the CMA has requested listed companies to adhere to the provisions stipulated in the Implementing Regulations of the Companies Law for listed joint-stock companies issued by the board of the CMA pursuant to its resolution number (2016-127-8) dated 16/01/1438H (corresponding to 17/10/2016G) based on the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H, and amended by Authority Board Resolution No. (3-114-2024) dated 04/04/1446H (corresponding to 07/10/2024G) based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H. The Company

must disclose in the Board of Directors' report details of policies related to remuneration, the methods for determining such remuneration, and the monetary and in-kind benefits paid to each member of the Board of Directors for any executive, technical, administrative, or consultancy roles. The Company has committed to disclosing the bonuses received by board members for the financial years 2021G, 2022G, and 2023G.

- On 23/01/1438H (corresponding to 24/10/2016G), the CMA issued its Board Resolution No. (1-130-2016) to amend the procedures and instructions for listed companies whose accumulated losses have amounted to (50%) or more of their capital under the former Companies' Law. The amended title of the regulation is now "Instructions and Procedures related to listed Companies with Accumulated Amounting to (20%) or More of Their Share Capital", as amended by Capital Market Authority Board Resolution No. (1-77-2018) dated 05/11/1439H (18/07/2018G). These procedures and instructions have been amended by the CMA Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G). In conjunction with the announcement of the preliminary consolidated financial results for Q1 ending on March 31, 2024, the Company disclosed that its accumulated losses had reached 268,868,000 Saudi Riyals, representing 67.22% of its capital. To offset these losses, the Company adhered to the instructions and procedures for listed companies whose accumulated losses exceed 20% of their capital. In compliance with applicable procedures, the Company announced on 31 March 2024 that the Board of Directors was notified of accumulated losses reaching 66.92% of capital, outlined the key reasons for such losses, the deadline for the Board to disclose its recommendations under Article (132) of the Companies Law, and the deadline for calling an Extraordinary General Assembly to consider continuing the Company's operations or initiating necessary steps to address or dissolve it.
- On 19/11/1445H (corresponding to 27/05/2024G), the Board of Directors recommended a capital reduction from 400,000,000 Saudi Riyals to 135,000,000 Saudi Riyals, followed by a capital increase to 300,000,000 Saudi Riyals through a Rights Issue offering of 165,000,000 Saudi Riyals.
- It is noteworthy that on 11/01/1446H (corresponding to 17/07/2024G), the CMA approved the Company's request to reduce its capital from 400,000,000 Saudi Riyals to 135,000,000 Saudi Riyals, thereby decreasing the number of shares from 40,000,000 to 13,500,000 shares. The Extraordinary General Assembly approved the capital reduction on 16/03/1446H (corresponding to 19/09/2024G) as part of a capital restructuring plan to offset accumulated losses amounting to 265,000,000 Saudi Riyals.
- Regarding corporate governance, the table below summarizes the extent to which the Company complies with the Corporate Governance Regulations issued by the Capital Market Authority:

Table 92: The Company's Compliance with the Corporate Governance Regulations

The Article from the Corporate Governance Regulations	Details	Responsible Party	Observations
8/A	Providing a copy of the information about the candidates for the board membership on the Company's website.	Company	Compliant
9/B	The Board of Directors must establish a clear policy regarding the distribution of stock dividends that serves the interests of both shareholders and the Company in accordance with the Company's Bylaws	Board of Directors	Compliant – The Company has a dividend distribution policy approved by the Board of Directors on 11/02/1439H (corresponding to 31/10/2017G).
12/5	To review the financial statements for the year 2023G	General Assembly	Compliant – The financial statements for the financial year ended on December 31, 2023G, were reviewed and discussed by the General Assembly held on 07/12/1445H (corresponding to 13/06/2024G).
12/6	To review the annual report of the Board of Directors for the year 2023G	General Assembly	Compliant – The Board of Directors' report for the financial year ended on December 31, 2023G, was reviewed and discussed by the General Assembly held on 07/12/1445H (corresponding to 13/06/2024G).
12/8 & 78	Appointing the Company's auditors, determining their remuneration, reappointing them, replacing them, and approving their reports.	General Assembly	Compliant – The General Assembly held on 07/12/1445H (corresponding to 13/06/2024G) approved the appointment of "Crowe Solutions for Professional Consulting" as the Company's auditor from among the nominees, based on the Audit Committee's recommendation, to audit and review the financial statements for Q2, Q3, and the annual financials of 2024, and Q1 of 2025, and determine their fees.
13/D	Publish the announcement of the General Assembly's meeting date, location, and agenda at least 21 days in advance on the stock market website and the Company's website.	Board of Directors	Compliant

The Article from the Corporate Governance Regulations	Details	Responsible Party	Observations
14/C	Providing shareholders, through the Company's website, upon issuing the invitation for the General Assembly meeting, with access to information related to the items on the agenda, particularly the Board of Directors' report, auditors' report, financial statements, and the audit committee's report	Board of Directors	Compliant
21/1	Developing the plans, policies, strategies, and First Instance objectives for the Company	Board of Directors	Compliant.
21/2	Establishing regulations and restrictions for internal control and general supervision, including:	Board of Directors	Compliant – The Company has a conflict-of-interest policy approved by the Board of Directors on 11/02/1439H (corresponding to 31/10/2017G).
21/3	Establishing clear and specific policies, standards, and procedures for membership in the Board of Directors, and implementing them after approval by the General Assembly.	General Assembly	Compliant – The Company has a Board membership policy approved by the Board of Directors on 10/04/1439H (corresponding to 28/12/2017G) and approved by the General Assembly on 10/04/1439H (corresponding to 28/12/2017G).
21/4	Developing a written policy governing relationships with stakeholders, covering compensation mechanisms for rights violations, dispute resolution mechanisms, and maintaining confidentiality of client and supplier information.	Board of Directors	Compliant – The Company has a stakeholder relations policy approved by the Board of Directors on 11/02/1439H (corresponding to 31/10/2017G).
21/5	Develop policies and procedures to ensure compliance with regulations and disclosure of material information to shareholders and stakeholders. Ensure that executive management adheres to them.	Board of Directors	Compliant – The Company has a disclosure policy and supervisory regulations approved by the Board of Directors on 11/02/1439H (corresponding to 31/10/2017G).
21/13 & 47 & 51/A & 57/A & 61/A & 67	Form specialized committees from the Board of Directors with defined duration, powers, responsibilities, and oversight mechanisms, specifying member roles and responsibilities. Evaluate committee and member performance.	Board of Directors	Compliant – On 01/07/1446H (corresponding to 01/01/2025G), the Board of Directors decided to form Audit Committee and Nomination & Remuneration Committee for the current Board of Directors term, which begins on 01/07/1446H (corresponding to 01/01/2025G) for a period of three (3) years ending on 03/08/1449H (corresponding to 12/31/2027G).
22/1	Approve and develop internal company policies, including defining tasks, responsibilities, and competencies at different organizational levels.	Board of Directors	Compliant – The Company has an internal authority matrix.
22/2	Approve a detailed written policy defining delegated executive powers, execution methods, and delegation duration. The Board may request periodic reports from the executive team on the exercise of delegated powers.	Board of Directors	Compliant – The Company has an internal authority matrix approved by the Board of Directors on 18/06/1445H (corresponding to 31/12/2023G).
24/3	Appointing the CEO.	Board of Directors	A Managing Director has been appointed and assigned the duties of the Chief Executive Officer.
25/5	Proposing the organizational structures and submit them to the Board for approval.	Board of Directors	Approved – The organizational structure was approved by the Board under resolution No. (639/T/2024) on 25/12/1445H (corresponding to 01/07/2024G).
25/10	Proposing a policies and types of rewards for employees, including fixed, performance-based, and stock-based compensation.	Board of Directors	Compliant.
41	Developing a written and clear policy on handling actual or potential conflicts of interest affecting Board members, executives, or employees when dealing with the Company or stakeholders.	Board of Directors	Compliant – The Company has a conflict-of-interest policy approved by the Board on 11/02/1439H (corresponding to 31/10/2017G).

The Article from the Corporate Governance Regulations	Details	Responsible Party	Observations
51/E	The General Assembly, based on the Board's recommendation, must issue the Audit Committee's work regulations, defining work procedures, tasks, member selection criteria, and appointment processes.	General Assembly	Compliant – The Audit Committee's work regulations were approved by the General Assembly on 22/10/1438H (corresponding to 16/07/2017G).
51 & 54	Form the Audit Committee.	Board of Directors	Compliant.
52/B/4 & 71	Appoint the Head of the Internal Audit Unit/ Department or the Internal Auditor and propose their compensation.	Board of Directors	Compliant – Mr. Ahmed El-Sayed Ibrahim was appointed as the Head of Internal Audit on 13/04/1434H (corresponding to 23/02/2013G).
57/B & 61/B	The General Assembly must approve the Nomination & Remuneration Committee's work regulations based on the Board's recommendation.	General Assembly	Compliant – The Nomination & Remuneration Committee's regulations were approved by the General Assembly on 10/04/1439H (corresponding to 28/12/2017G).
58/1	The Nomination & Remuneration Committee must prepare a clear policy for compensating Board members, committee members, and executives, linked to performance, disclosed transparently, and ensure compliance.	General Assembly	Compliant – The compensation policy was approved by the General Assembly on 10/04/1439H (corresponding to 28/12/2017G).
62/3	Define the qualifications and competencies required for Board membership and executive positions.	Nomination & Remuneration Committee	Compliant.
65	Publish the Board membership nomination announcement on the Company's and stock market websites.	Board of Directors	Compliant.
81	Establish procedures for stakeholders to file complaints or report violations.	Board of Directors	Compliant – The Company has complaint and whistleblowing procedures approved on 10/04/1439H (corresponding to 28/12/2017G).
83	Implement a professional conduct and ethical values policy.	Board of Directors	Compliant.
86	Establish written disclosure policies and supervisory procedures as per corporate and financial market regulations.	Board of Directors	Compliant.
88/B	Publish the Audit Committee's report on the Company's and stock market websites.	Board of Directors	Compliant.
91	Establish company-specific governance rules that do not conflict with mandatory governance regulations.	Board of Directors	Compliant.

Source: The Company

- The CMA requires listed companies that have previously offered Rights Shares to disclose to the public when there is a discrepancy of (5%) or more between the actual use of the proceeds of the Rights Issue shares versus what was disclosed in the relevant prospectus as soon as it becomes known.
- It is worth noting that any violation of the rules and procedures, or failure to implement them, exposes the Company to accountability by the Capital Market Authority, which may take one or more of the following actions:
 - Warning the Company.
 - Requiring the Company to take necessary steps to avoid further violations or corrective actions to address the consequences of the violation.
 - Imposing a financial penalty not exceeding five million (5,000,000) Saudi Riyals for each violation committed by the Company.
- The Company was not subject to any penalty or fines from the Capital Market Authority during the years 2021G, 2022G, and 2023G.

9.6.6 Continuing Obligations According to the Requirements of the Ministry of Municipalities and Housing

- The Company should obtain municipal permits for administrative offices, branches, and sale points to enable the Company to occupy them, taking into account that the municipality or the secretariat requires the following documents: a copy of the commercial register, a copy of the Articles of Association (Bylaws), a copy of the lease contract, a copy of the building permit for the building or warehouse or commercial premises (showroom) or store or sales point rented, a copy of the real estate office license, and a photograph of the outside of the building, including the signboard (with a copy of the signboard invoice and registration of the Company's trademark ownership to be used on the facade), in addition to the civil defense license.
- As of the date of this Prospectus, the Company has not obtained municipal license for one(1) site operated by the Group, and has not obtained safety certificates for two (2) sites, while it is in compliance with the requirement to obtain municipal licenses and safety certificates for all other sites.

9.6.7 Continuing Obligations According to the Requirements of the Ministry of Industry and Mineral Resources

- SIDC Ceramic Factory "CASAVIA", a branch of the Saudi Industrial Development Company (SIDC), has an industrial license issued by the Ministry of Industry and Mineral Resources under number (1411100185306) and dated 05/11/1411H (corresponding to 19/05/1991G) which is valid until 17/12/1450H (corresponding to 01/05/2029G).
- The subsidiary, Global Marketing Company for Sleeping System Limited, has also obtained the necessary industrial licenses issued by the Ministry of Industry and Mineral Resources to practice its industrial activity as follows:
 - An industrial license for the subsidiary's main branch, No. (411223233) dated 15/07/1441H (corresponding to 10/03/2020G), which is valid until 25/10/1450H (corresponding to 10/03/2029G).
 - An industrial license for the Modern Foam Products Factory, a branch of Global Marketing Company for Sleeping System Limited, No. (451110134585) dated 08/08/1445H (corresponding to 18/02/2024G), which is valid until 10/05/1450H (corresponding to 18/02/2029G).
 - An industrial license for the Modern Cotton and Fiber Products Factory, branch of the Global Marketing Company for Sleeping System Limited, No. (451110132048) dated 12/05/1445H (corresponding to 26/11/2023G), which has expired as on 24/05/1446H (corresponding to 26/11/2024G).
 - An industrial license for the Modern Mattresses and Beds Factory, a branch of the Global Marketing Company for Sleeping System Limited, No. (441110122000) and dated 03/06/1444H (corresponding to 31/10/2022G), which is valid until 01/06/1449H (corresponding to 31/10/2027G).
- The Company's branch and the factories of the subsidiary Company, Global Marketing Company for Sleeping System Limited, must adhere to the following terms and conditions to maintain these licenses valid:
 1. Complying with the provisions of the Unified Industrial Regulation Law of the Gulf Cooperation Council (GCC) countries and its executive regulations.
 2. Updating factory information every six months through the Ministry's online portal or upon any change.
 3. Allowing Ministry personnel to access the industrial facility, review records, documents, accounts, and monitor production operations.
 4. Obtaining prior approval from the Ministry before expanding, developing, changing products, merging, or halting operations.

Granting the Ministry access to all data submitted to other government agencies regarding the industrial facility.

9.6.8 Continuing Obligations According to the Requirements of the Royal Commission for Jubail and Yanbu

- The Company concluded an industrial land lease contract for its branch SIDC Ceramic Factory "CASAVIA" with the Royal Commission for Jubail and Yanbu for a period of (10) years starting from 15/06/1441H (corresponding to 09/02/2020G) and ending on 14/06/1451H (corresponding to 22/10/2029G).
- The environmental permit for the factory was obtained from the Royal Commission for Jubail and Yanbu and is valid until 14/06/1451H (corresponding to 22/10/2029G), while the safety certificate for the factory expired on 07/11/1445H (corresponding to 15/05/2024G) without being renewed.
- The Company's failure to renew the environmental permit upon its future expiry and the safety certificate issued by the Royal Commission for Jubail and Yanbu may lead to it being considered in default and granting the Royal Commission for Jubail and Yanbu the right to terminate the contract concluded between them in accordance with the terms and conditions contained therein.

- The Company must ensure compliance with safety regulations and adhere to the application, updating and provision of all safety and fire prevention requirements and requirements and perform periodic maintenance of all protection and firefighting regulations. The Company is also subject to periodic inspection visits by the Industrial Security and Safety Department at the Royal Commission for Jubail and Yanbu, and on the basis of which, seizure reports are issued for the committed violations, provided that the Company is given a grace period to take corrective measures, stop work or impose a financial fine. The Company has the following three violations:
 - Violation report dated 04/01/1446H (corresponding to 10/07/2024G), and the Company was granted (5) days to correct the issue.
 - A report of the violation dated 18/11/1445H (corresponding to 26/05/2024G) and the Company was granted (15) days to correct the issue.
 - A report of the violation dated 13/10/1445H (corresponding to 22/04/2024G) and the Company was granted (30) days to correct the issue.

9.6.9 Continuing Obligations According to the Requirements of the Saudi Authority for Industrial Cities and Technology Zones (MODON)

- The subsidiary, Global Marketing Company for Sleeping System Limited, has signed multiple lease agreements with MODON and has obtained operating licenses for these contracts. As of the date of this Prospectus, the following operating licenses have expired:
 - Operating License No. (OLC-23-06-13001994) issued on 24/11/1444H (corresponding to 13/06/2023G) and expired on 07/12/1445H (corresponding to 13/06/2024G).
 - Operating License No. (OLC-23-05-29001717) issued on 10/12/1444H (corresponding to 30/05/2023G), expired on 22/11/1445H (corresponding to 30/05/2024G).
 - Operating License No. (OLC-23-05-17001414) issued on 27/10/1444H (corresponding to 17/05/2023G) and expiring on 09/11/1445H (corresponding to 17/05/2024G).
 - Operating License No. (5871444116027358) issued on 16/01/1444H (corresponding to 14/08/2022G) and expiring on 17/01/1445H (corresponding to 04/08/2023G).
 - Operating License No. (OLC-24-05-01000976) issued on 22/10/1445H (corresponding to 01/05/2024G) and expiring on 01/07/1446H (corresponding to 01/01/2025G).
 - Operating License No. (OLC-23-05-23001535) issued on 22/11/1444H (corresponding to 03/05/2023G) and expiring on 15/11/1445H (corresponding to 23/05/2024G).
- Failure to renew operating licenses is considered a violation of the regulations, rules, conditions and instructions issued by MODON, which may expose the subsidiary to financial fines or other penalties and may also affect the validity of lease contracts.
- MODON, as a licensing authority, imposes several ongoing obligations in order to maintain validity of operating licenses, including:
 - The license grants permission to operate the facility and that the licensed to operate this facility is the actual operator according to its legal entity, licenses and records. The facility owner cannot transfer the operation or the license, or any part thereof, to a third party.
 - The licensee must comply with all conditions, obligations, regulations, and instructions issued by MODON, and in cases where MODON does not have specific regulations, the prevailing laws and regulations in Saudi Arabia will apply.
 - The licensee is obligated to renew this license within a period not exceeding 15 days after its expiration.
 - Contracting with an entity approved by the Civil Defense to carry out periodic maintenance work on firefighting/safety regulations.
 - Ensuring the effectiveness of the firefighting/safety procedure and its connection to the main control panel.
 - Conformity of the firefighting procedure to the approved factory plans.
 - Ensuring that emergency exits are sufficient and conform to specifications.
 - Applying safety requirements during the storage and transportation of hazardous chemicals and gases.

9.6.10 Continuing Obligations According to the Requirements of the National Center for Environmental Compliance

The subsidiary Global Marketing Company for Sleeping System Limited, has obtained several environmental operating permits issued by the National Center for Environmental Compliance as follows:

- Environmental Operating Permit No. (9410) issued on 15/07/1444H (corresponding to 06/02/2023G) and valid until 22/06/1447H (corresponding to 13/12/2025G).
- Environmental Operating Permit No. (EPOPP-2025-007280) issued on 13/11/1446H (corresponding to 11/05/2025G) and ending on 16/12/1449H (corresponding to 11/05/2028G).
- Environmental Permit No. (EPOPP-2024-015891) issued on 15/06/1446H (corresponding to 16/12/2024G) and valid until 18/07/1449H (corresponding to 16/12/2027G).
- Environmental Permit No. (EPOPP-2024-015831) issued on 23/06/1446H (corresponding to 24/12/2024G) and valid until 26/07/1449H (corresponding to 24/12/2027G).
- Failure to renew the environmental operating permits will result in the subsidiary Company's factories being considered to have committed a violation of operating without a valid environmental operating permit, which may expose them to financial penalties according to the executive regulations for environmental permits for establishing and operating activities.
- As for ongoing obligations, the National Center for Environmental Compliance (Center) requires licensed entities to adhere to the following conditions in order to maintain the license:
 - Compliance with the standards and conditions issued by the Center.
 - Allowing technical specialists to access the facility at any time.
 - Notifying the Center in advance of any changes to operations, feedstock, products, or expansions, otherwise the permit becomes void.
 - Informing the Center before reusing any industrial waste and disclosing the method and technology used.
 - Full adherence to the technical studies submitted during the permit application, including systems for pollution control and proper disposal of unrecoverable hazardous waste by approved entities.
 - Submitting environmental audit studies upon inspection or when renewing the permit.
 - Preparing biannual self-monitoring reports for inclusion in environmental records.
 - Not commencing operations before installing filters from a Center-approved supplier.
 - Including documented types and quantities of hazardous solid/liquid waste in contracts and invoices during the license renewal period, and incorporating this data into the environmental audit study.
 - Implementing the environmental monitoring and management plans outlined in the study.
 - Allocating proper storage areas for raw materials and finished products compatible with their characteristics and hazard classification per the Material Safety Data Sheet (MSDS).

9.7 Summary of Key Contracts

9.7.1 Memoranda of Understanding and Joint-Venture Agreements

- As of the date of this Prospectus, the Company is not a party to a memorandum of understanding or joint-venture agreement entered into during the past three years.

9.7.2 Agreements and Transactions with Related parties

- According to the Company's consolidated financial statements for the financial years ended on December 31, 2021G, 2022G and 2023G and the condensed consolidated interim financial statements for the six-month period ended June 30, 2024G, the Group's transactions with related parties consist of allowances and bonuses for members of the Board of Directors and senior executives, which are shown in the financial statements as follows:

Table 93: The Group's Transactions with Related Parties

Description	Nature of Transaction	Relationship	Transaction Amount (Saudi Riyals)			
			December 2021G	December 2022G	December 2023G	January 2024G
Senior Management	Salaries & Compensation	Parent Company	1,129,250	1,872,238	2,375,914	1,082,702
		Subsidiaries	639,996	640,002	640,002	340,000
	End-of-Service Benefits	Parent Company	109,625	113,538	127,378	62,363
		Subsidiaries	50,000	50,000	50,000	28,334
Board of Directors and Related Committees	Rewards, Benefits & Meeting Attendance Allowances	Parent Company	1,283,482	2,935,241	2,970,621	1,238,502
		Subsidiaries	1,070,955	1,550,413	1,404,986	750,199

Source: The Financial statements and management information.

- In addition to the transactions mentioned in the financial statements, there are transactions with related parties between the Group's companies. These transactions were voted on in the Company's Ordinary General Assembly, which were carried out with related parties, as follows:

Table 94: Contracts signed Between Related Parties Within the Group

Agreement	Related Party	Nature and Terms of Transaction	Value (Saudi Riyals)	Duration
Year 2023G				
Contract for Transportation, Handling, and Storage Services	Support Services Company, in which Board Members Ahmed Abdullah Abdulrahman Al-Kanhal and Ibrahim Abdullah Ibrahim Alhomaidhi indirectly own shares.	Global Marketing Company for Sleeping System Limited “Sleep High” (a subsidiary) signed an agreement with Emmdad Logistic Services Company for transporting, handling, and storing “Sleep High” products based on the number of trips made, the quantity of products, and the rented storage spaces.	13,103,292	Three years, starting from 01/07/2022G and ending on 30/06/2025G.
		SIDC Ceramic Factory “CASAVIA” (a branch of the Company) signed an agreement with Emmdad Logistic Services Company for transporting, handling, and storing "Casavia" products based on the number of trips made, the quantity of products, and the rented storage spaces.	996,659	Three years, starting from 01/07/2022G and ending on 30/06/2025G.
Total Transaction Value for 2023G				14,099,951 Saudi Riyals
Year 2022G				
Contract for Transportation, Handling, and Storage Services	Emmdad Logistic Services Company, in which Board Members Ahmed Abdullah Abdulrahman Al-Kanhal and Ibrahim Abdullah Ibrahim Alhomaidhi indirectly own shares.	Global Marketing Company for Sleeping System Limited “Sleep High” (a subsidiary) signed an agreement with Emmdad Logistic Services Company for transporting, handling, and storing “Sleep High” products based on the number of trips made, the quantity of products, and the rented storage spaces.	6,040,636	Three years, starting from 01/07/2019G and ending on 30/06/2022G.
		Global Marketing Company for Sleeping System Limited “Sleep High” (a subsidiary) signed an agreement with Emmdad Logistic Services Company for transporting, handling, and storing “Sleep High” products based on the number of trips made, the quantity of products, and the rented storage spaces.	5,677,968	Three years, starting from 01/07/2022G and ending on 30/06/2025G.
		SIDC Ceramic Factory “CASAVIA” (a branch of the Company) signed an agreement with Emmdad Logistic Services Company for transporting, handling, and storing "Casavia" products based on the number of trips made, the quantity of products, and the rented storage spaces.	436,493	Three years, starting from 01/07/2019G and ending on 30/06/2022G.
		SIDC Ceramic Factory “CASAVIA” (a branch of the Company) signed an agreement with Emmdad Logistic Services Company for transporting, handling, and storing "Casavia" products based on the number of trips made, the quantity of products, and the rented storage spaces	437,986	Three years, starting from 01/07/2022G and ending on 30/06/2025G.
Total Transaction Value for 2022G				12,593,083 Saudi Riyals

Agreement	Related Party	Nature and Terms of Transaction	Value (Saudi Riyals)	Duration
Year 2021G				
Contract for Transportation, Handling, and Storage Services	Emmdad Logistic Services Company, in which Board Members Ahmed Abdullah Abdulrahman Al-Kanhel and Ibrahim Abdullah Ibrahim AlHomaidhi indirectly own shares.	Global Marketing Company for Sleeping System Limited “Sleep High” (a subsidiary) signed an agreement with Emmdad Logistic Services Company for transporting, handling, and storing “Sleep High” products based on the number of trips made, the quantity of products, and the rented storage spaces.	10,943,182	Three years, starting from 01/07/2019G and ending on 30/06/2022G.
		SIDC Ceramic Factory “CASAVIA” (a branch of the Company) signed an agreement with Emmdad Logistic Services Company for transporting, handling, and storing "Casavia" products based on the number of trips made, the quantity of products, and the rented storage spaces.	862,635	Three years, starting from 01/07/2019G and ending on 30/06/2022G.
Total Transaction Value for 2021G				11,805,817 Saudi Riyals

Source: The Notifications to General Assemblies on Transactions and Contracts Conducted on Behalf of the Company.

- The Company, its board members, and shareholders are in compliance with Articles (71) and (27) of Companies Law. Shareholders were notified of the business and contracts carried out on behalf of the Company during the year 2023G, in which the members of the Board of Directors had an indirect interest, during the Ordinary General Assembly held on 07/12/1445H (corresponding to 13/06/2024G); the same applies to the transactions of the year 2022G, as shareholders were notified of them at the General Assembly held on 26/11/1444H (corresponding to 15/06/2023G). The approval of the General Assembly for these transactions was previously obtained on 17/11/1443H (corresponding to 16/06/2022G).
- On 17/11/1443H (corresponding to 16/06/2022G), the General Assembly convened to vote to approve the item authorizing the Board of Directors to license businesses and contracts in which any of the Board members has a direct or indirect interest. However, the Board of Directors members participated in voting on this item, noting that this authorization was never exercised. Similarly, on 26/11/1444H (corresponding to 15/06/2023G), the General Assembly approved the authorization without restricting the participation of the Board of Directors members from voting, noting that this authorization was never exercised.
- As for the Resolution of the Ordinary General Assembly (38) held on 07/12/1445H (corresponding to 13/06/2024G) concerning the authorization item, it was presented to the General Assembly without restricting the participation of the Board of Directors members from voting. However, based on the observation received by the Chairman of the Assembly by (50.6%) of the shares present in the Assembly regarding the Company's failure to restrict them from electronically voting on item No. (6) related to the aforementioned authorization, and their desire to amend the electronic voting on these items, and given that the Company was unable to amend the services provided by the Securities Depository Center Company (Edaa) after the start of electronic voting, the aforementioned shares abstained from voting on Item No. (6), in order to complete the voting process on the other items, which affected the calculation of the voting result on item No. (6). Due to the inability of the vote counting committee to exclude the electronic abstention votes for the aforementioned shares on item number (6) to amend the final result of the electronic voting process, the results of this item were announced as moving from abstention to non-approval, noting that the Board of Directors had not historically used this authority, as related party transactions were approved by Ordinary General Assembly (35) held on 17/11/1443H (corresponding to 16/06/2022G).
- As of the date of this Prospectus, the Company considers itself to be taking corrective measures regarding the General Assembly held on 07/12/1445H (corresponding to 13/06/2024G) by ensuring that the Board members who are also shareholders abstain from voting on the authorization of the Board to approve transactions and contracts in which any Board member has a direct or indirect interest.

9.7.3 Lease Contracts

9.7.3.1 Lease Contracts signed with Governmental Entities

- The Company has signed a total of (17) lease agreements as lessee with the Royal Commission for Jubail and Yanbu (the lessor), which are industrial land and (16) residential units. These agreements define the lease term, renewal conditions, payment mechanisms, and other key terms and conditions. The industrial land lease contract includes essential provisions, most notably:
 - Termination of the contract if the Company concludes any sub-agreement or waives it or any interest in it or in relation to all or any part of the leased property without obtaining prior written approval from the Commission.
 - The leased property may not be subject to any restriction, mortgage or any other similar claims except with the prior written approval of the lessor. The lessor has the right from time to time to assign its responsibility to any other competent party, and it has the right to assign all or part of this contract to one or more legal entities within the Kingdom of Saudi Arabia, provided that the assignee party bears all the obligations of the first party with respect to the assigned part of the contract. In this case, the obligations of the first party related to the assigned part of the contract shall be deemed terminated as of the date of assignment.
 - The Company shall insure at its own expense against the risks of property damage and comprehensive third-party liability and personal injuries.

- As for the lease contracts related to residential, its included essential terms and conditions, including obligations on the Company as the lessee, most notably:
 - Paying the rent according to the invoice issued by the Accounts Department of the Royal Commission for Jubail and Yanbu within (20) business days from the date of issuance, and the responsibility for paying the rent shall not cease until the final delivery of the residential unit.
 - Paying all service fees provided in the industrial city by the lessor or any other party according to what is stipulated for these services, such as water, electricity, etc.
 - Notifying in writing its unwillingness to renew the lease contract at least one month before the end of its term.
 - The lessor has the right, at their sole discretion and will, to terminate this contract at any time, provided that they notify the lessee in writing at least thirty (30) days prior to the date on which they wish to terminate it.
 - The lessor has the right, at their sole discretion and will, to agree or not to renew this contract.
 - Except for those to whom the Royal Commission provides free maintenance contractually, the lessee shall be solely responsible for the repair and maintenance of the property on a regular basis. In the event that the lessee fails to fulfill their obligations to maintain and repair the leased property, the lessor shall carry out the repair and maintenance work himself, and the lessee shall bear the costs and expenses alone. Any expenses incurred by the lessor in this regard shall be recovered from the lessee, and the lessee shall not be entitled to any deduction, offset or withholding of rent as a result of such repair, maintenance or warranty work.
 - If any sub-contract or sub-lease is entered by the lessee or in the event of their inability to pay the rent or any other obligations or if the Royal Commission determines that the leased property is not being used or maintained in accordance with the requirements stipulated in the contract or any other regulations issued by the Royal Commission or if any of the representations contained in this contract are incorrect or untrue or if the Royal Commission considers that the lessee has breached any of the terms or conditions of this contract, or in the event that the lessee fails to remedy the default or provide sufficient proof that the default will be remedied within fifteen days of receiving the notice of default from the Royal Commission, the Royal Commission may issue written notice of termination of this contract. The lessee shall not assign this contract or cause the property to be subject to any similar lien, mortgage or claim.
- The following table shows a summary of the lease contracts signed by the Company with the Royal Commission for Jubail and Yanbu. Note that all of these contracts are still valid, as they are automatically renewed upon the expiration of the original or renewed contract term:

Table 95: Summary of Lease Agreements Signed with the Royal Commission for Jubail and Yanbu

#	Contract Date	Lessor	Lessee	Type of Leased Property	Rental Address	Lease Duration	Renewal	Rental Value	Contract Status
1	15/06/1441H (Corresponding 09/02/2020G)	Royal Commission for Jubail and Yanbu	Saudi Industrial Development Company (SIDC)	Industrial Land	Industrial Area	(10) years starting from 15/06/1441H (corresponding to 09/02/2020G) and ending on 14/06/1451H (corresponding to 22/10/2029G)	The lease can be renewed for a period of 10 years if the lessee complies with the terms of this contract	(391,836.11) Saudi Riyals per year	A contract registered with the Royal Commission for Jubail and Yanbu under number RCLI-6970
2	21/04/1442H (corresponding 06/12/2020G)	Royal Commission for Jubail and Yanbu	SIDC Ceramic Factory "CASAVIA"	Residence	Building No. 1204 – District 1 – Al-Nawa Neighborhood (consisting of 10 bedrooms)	(12) Hijri months, starting from 21/04/1442H (corresponding to 06/12/2020G) and ending on 20/04/1443H (corresponding to 25/11/2021G)	Automatically renewed for another period unless either party notifies the other of their intention to terminate	(45,000) Saudi Riyals per year	A contract registered in the Royal Commission for Jubail and Yanbu under number RE-1606
3	21/04/1442H (corresponding 06/12/2020G)	Royal Commission for Jubail and Yanbu	SIDC Ceramic Factory "CASAVIA"	Residence	Building No. 1332 – District 1 – Al-Nawa Neighborhood (consisting of 10 bedrooms)	(12) months, starting from 21/04/1442H (corresponding to 06/12/2020G) and ending on 20/04/1443H (corresponding to 25/11/2021G)	Automatically renewed for another period unless either party notifies the other of their intention to terminate	(45,000) Saudi Riyals per year	A contract registered in the Royal Commission for Jubail and Yanbu under number RE-1959
4	21/04/1442H (corresponding 06/12/2020G)	Royal Commission for Jubail and Yanbu	SIDC Ceramic Factory "CASAVIA"	Residence	Building No. 1406 – District 1 – Al-Nawaa Neighborhood (consisting of 10 bedrooms)	(12) months starting from 21/04/1442H (corresponding to 06/12/2020G) and ending on 20/04/1443H (corresponding to 25/11/2021G)	The contract is automatically renewed for another term unless one of the parties notifies the other of their desire to terminate	(45,000) Saudi Riyals annually	Lease Agreement Registered in the Royal Commission for Jubail and Yanbu with Number RE-2051

#	Contract Date	Lessor	Lessee	Type of Leased Property	Rental Address	Lease Duration	Renewal	Rental Value	Contract Status
5	21/04/1442H (corresponding 06/12/2020G)	Royal Commission for Jubail and Yanbu	SIDC Ceramic Factory "CASAVIA"	Residence	Building No. 1431 – District 1 – Al-Nawaa Neighborhood (consisting of 10 bedrooms)	(12) months starting from 21/04/1442H (corresponding to 06/12/2020G) and ending on 20/04/1443H (corresponding to 25/11/2021G)	The contract is automatically renewed for another term unless one of the parties notifies the other of their desire to terminate	(45,000) Saudi Riyals annually	Lease Agreement Registered in the Royal Commission for Jubail and Yanbu with Number RE-2132
6	21/04/1442H (corresponding 06/12/2020G)	Royal Commission for Jubail and Yanbu	SIDC Ceramic Factory "CASAVIA"	Residence	Building No. 1441 – District 1 – Al-Nawaa Neighborhood (consisting of 10 bedrooms)	(12) months starting from 21/04/1442H (corresponding to 06/12/2020G) and ending on 20/04/1443H (corresponding to 25/11/2021G)	The contract is automatically renewed for another term unless one of the parties notifies the other of their desire to terminate	(45,000) Saudi Riyals annually	Lease Agreement Registered in the Royal Commission for Jubail and Yanbu with Number RE-2142
7	28/04/1442H (corresponding 13/12/2020G)	Royal Commission for Jubail and Yanbu	SIDC Ceramic Factory "CASAVIA"	Residence	Building No. 3614 – Apartment No. 5 – District 3 – Al-Nawaa Neighborhood (consisting of one bedroom)	(12) Hijri months starting from 28/04/1442H (corresponding to 13/12/2020G) and ending on 27/04/1443H (corresponding to 02/12/2021G)	The contract is automatically renewed for another term unless one of the parties notifies the other of their desire to terminate	(9,375) Saudi Riyals annually	Lease Agreement Registered in the Royal Commission for Jubail and Yanbu with Number RE-2918
8	28/04/1442H (corresponding 13/12/2020G)	Royal Commission for Jubail and Yanbu	SIDC Ceramic Factory "CASAVIA"	Residence	Building No. 5352 – District 5 – Al-Lulu Neighborhood (consisting of one bedroom)	(12) Hijri months starting from 28/04/1442H (corresponding to 13/12/2020G) and ending on 27/04/1443H (corresponding to 02/12/2021G)	The contract is automatically renewed for another term unless one of the parties notifies the other of their desire to terminate	(9,375) Saudi Riyals annually	Lease Agreement Registered in the Royal Commission for Jubail and Yanbu with Number RE-3213
9	28/04/1442H (corresponding 13/12/2020G)	Royal Commission for Jubail and Yanbu	SIDC Ceramic Factory "CASAVIA"	Residence	Building No. 5639 – District 5 – Al-Lulu Neighborhood (consisting of one bedroom)	(12) Hijri months starting from 28/04/1442H (corresponding to 13/12/2020G) and ending on 27/04/1443H (corresponding to 02/12/2021G)	The contract is automatically renewed for another term unless one of the parties notifies the other of their desire to terminate	(9,375) Saudi Riyals annually	Lease Agreement Registered in the Royal Commission for Jubail and Yanbu with Number RE-3315
10	21/04/1442H (corresponding 06/12/2020G)	Royal Commission for Jubail and Yanbu	SIDC Ceramic Factory "CASAVIA"	Residence	Building No. 1235 – District 1 – Al-Nawaa Neighborhood (consisting of 10 bedrooms)	(12) Hijri months starting from 21/04/1442H (corresponding to 06/12/2020G) and ending on 20/04/1443H (corresponding to 25/11/2021G)	The contract is automatically renewed for another term unless one of the parties notifies the other of their desire to terminate	(45,000) Saudi Riyals annually	Lease Agreement Registered in the Royal Commission for Jubail and Yanbu with Number WR-50-04
11	28/04/1442H (corresponding 13/12/2020G)	Royal Commission for Jubail and Yanbu	SIDC Ceramic Factory "CASAVIA"	Residence	Building No. 0403 – Apartment No. 101 – Al-Rahma Street – District 7 – Radwa Neighborhood (consisting of 2 bedrooms)	(12) Hijri months starting from 28/04/1442H (corresponding to 13/12/2020G) and ending on 27/04/1443H (corresponding to 02/12/2021G)	The contract is automatically renewed for another term unless one of the parties notifies the other of their desire to terminate	(11,625) Saudi Riyals annually	Lease Agreement Registered in the Royal Commission for Jubail and Yanbu with Number 20.14057
12	28/04/1442H (corresponding 13/12/2020G)	Royal Commission for Jubail and Yanbu	SIDC Ceramic Factory "CASAVIA"	Residence	Building No. 0201 – Apartment No. 303 – Uhud Street – District 1 – Radwa Neighborhood (consisting of 3 bedrooms)	(12) Hijri months starting from 28/04/1442H (corresponding to 13/12/2020G) and ending on 27/04/1443H (corresponding to 02/12/2021G)	The contract is automatically renewed for another term unless one of the parties notifies the other of their desire to terminate	(17,625) Saudi Riyals annually	Lease Agreement Registered in the Royal Commission for Jubail and Yanbu with Number 20.16383
13	26/01/1444H (corresponding 24/08/2022G)	Royal Commission for Jubail and Yanbu	SIDC Ceramic Factory "CASAVIA"	Residence	Building No. 1208 – West Aqiq Street – District 1 – West Aqiq Neighborhood (consisting of 10 bedrooms)	(12) Hijri months starting from 03/01/1444H (corresponding to 01/08/2022G)	The contract is automatically renewed for another term unless one of the parties notifies the other of their desire to terminate	(3,750) Saudi Riyals per month	Lease Agreement Registered in the Royal Commission for Jubail and Yanbu with Number 20.2208.027

#	Contract Date	Lessor	Lessee	Type of Leased Property	Rental Address	Lease Duration	Renewal	Rental Value	Contract Status
14	26/01/1444H (corresponding 24/08/2022G)	Royal Commission for Jubail and Yanbu	SIDC Ceramic Factory "CASAVIA"	Residence	Building No. 1219 – West Aqiq Street – District 1 – West Aqiq Neighborhood (consisting of 10 bedrooms)	(12) Hijri months starting from 03/01/1444H (corresponding to 01/08/2022G)	The contract is automatically renewed for another term unless one of the parties notifies the other of their desire to terminate	(3,750) Saudi Riyals per month	Lease Agreement Registered in the Royal Commission for Jubail and Yanbu with Number 20.2208.028
15	26/01/1444H (corresponding 24/08/2022G)	Royal Commission for Jubail and Yanbu	SIDC Ceramic Factory "CASAVIA"	Residence	Building No. 1241 – West Street – District 1 – West Neighborhood (consisting of 10 bedrooms)	(12) Hijri months starting from 03/01/1444H (corresponding to 01/08/2022G)	The contract is automatically renewed for another term unless one of the parties notifies the other of their desire to terminate	(3,750) Saudi Riyals per month	Lease Agreement Registered in the Royal Commission for Jubail and Yanbu with Number 20.2208.029
16	26/01/1444H (corresponding 24/08/2022G)	Royal Commission for Jubail and Yanbu	SIDC Ceramic Factory "CASAVIA"	Residence	Building No. 1238 – Apartment No. 10 – West Street – District 1 – West Neighborhood (consisting of 1 bedroom)	(12) Hijri months starting from 03/01/1444H (corresponding to 01/08/2022G)	The contract is automatically renewed for another term unless one of the parties notifies the other of their desire to terminate	(375) Saudi Riyals per month	Lease Agreement Registered in the Royal Commission for Jubail and Yanbu with Number 20.2208.030
17	15/05/1442H (corresponding 30/12/2020G)	Royal Commission for Jubail and Yanbu	Saudi Industrial Development Company (SIDC)	Residence	Building No. 1315 – Apartment No. 7 – East Aqiq Street – District 1 – East Aqiq Neighborhood (consisting of 1 bedroom)	(12) Hijri months starting from 15/05/1442H (corresponding to 30/12/2020G)	The contract is automatically renewed for another term unless one of the parties notifies the other of their desire to terminate	(4,500) Saudi Riyals per year	Lease Agreement Registered in the Royal Commission for Jubail and Yanbu with Number 20.4205.60

Source: The Company

- The subsidiary, Global Marketing Company for Sleeping System Limited (as the investor), has signed (8) lease agreements with the Saudi Authority for Industrial Cities and Technology Zones (MODON) for its factories. These agreements include common key terms and conditions, including:
 - The investor must ensure the health protection and safety of workers at the facility and comply with MODON's approved security and safety regulations, including securing personnel, vehicles, equipment, safety procedure, and procedures to maintain site security and protect lives.
 - The investor is not allowed to make any modifications, additions or improvements to any part of the internal and external parts of the existing facilities or those that will be built on the leased land, except after providing MODON in advance with the detailed plans and specifications for the modification work, and MODON's written approval to implement it in the manner it deems appropriate.
 - The investor shall not have the right to lease or assign to others the leased land subject to this contract or any part thereof or the facilities located thereon, nor to allow others to share in the use of the land or any part thereof, except after obtaining the prior written approval of MODON. Any action taken otherwise shall be considered null and void and shall not be taken into account, with MODON's right to terminate the contract.
 - The investor shall not have the right to amend the commercial register or the licenses necessary to practice the activity, in any content, without obtaining the prior written approval of MODON.
 - Except for the prior written approval of MODON, the investor shall be obligated to keep the land and the facilities and assets thereon free of any privileges, mortgages, guarantees or any other type of similar rights. Any action taken otherwise shall be invalid against MODON, with the investor being obligated to compensate MODON for any damages incurred as a result of their breach of this obligation. In all cases, MODON is not obligated to any party whatsoever regarding any privileges, mortgages or guarantees.
 - In the event that both parties to the contract continue to implement its terms after the expiry of the contract term without either of them disclosing their desire to renew or terminate the contract, this contract shall be renewed for a period of one year only.
 - MODON has the right to cancel this contract automatically, without being obligated to take any preliminary measures prior to termination, or grant the investor any time period, or apply any financial or administrative penalties stipulated in this contract, in the following cases: (1) The investor does not pay any amounts due under this contract after thirty (30) days from the date of due date of these amounts, (2) The investor violates any pledge or obligation stipulated in this contract, and does not rectify it after being notified to address the violation within thirty (30) days, (3) If the investor declares bankruptcy or insolvency or submits a request to declare bankruptcy or insolvency, (4) If the investor dies and is a natural person and their heirs do not wish to continue in the contract or are unable to implement its terms.

- The investor has the right to terminate this contract at any time, provided that a written notice is submitted to MODON (6) six months prior to the effective date of termination, provided that the investor, upon submission of the notice and until the effective date of termination, has fulfilled all of their obligations and paid all of the financial amounts.
- The table below shows a summary of the contracts signed by the Global Marketing Company for Sleeping System Limited with MODON:

Table 96: – Summary of Lease Agreements signed with MODON

#	Contract Date	Lessor	lessee	Type of Leased Property	Rental Address	Lease Duration	Renewal	Rental Value	Contract Status
1.	Not specified	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Modern Mattress and Bed Factory, branch of Global Marketing Company for Sleeping System Limited (Investor)	Office Building	Industrial City – Jeddah First	10 years starting from 24/01/1446H (corresponding to 30/07/2024G) and ending on 23/01/1456H (corresponding to 12/04/2034G)	The contract will be renewed for another period agreed upon by both parties, after a written notice is sent from the Investor to MODON, disclosing the desire to renew the contract at least six months before its expiration, along with MODON written approval for the renewal.	(273,840) Saudi Riyals annually	Authenticated on the MODON platform with number 24000636
2.	Not specified	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Modern Mattress and Bed Factory.	Industrial Land	Industrial City – Jeddah First	1 year starting from 05/08/1446H (corresponding to 16/04/2025G) and ending on 04/08/1466H (corresponding to 09/06/2044G)	The lessee must notify MODON in writing of their desire to renew this contract one year before its expiration date. If the lessee fails to provide this notice, MODON has the right not to renew the contract. If MODON agrees to the renewal request, it will be under a new contract with new terms.	(57,890) Saudi Riyals annually	Authenticated on the MODON platform with number 25000323.
3.	Not specified	Saudi Authority for Industrial Cities and Technology Zones (Modon)	Modern Mattress and Bed Factory.	Industrial Land	Industrial City – Jeddah First	20 years starting from 05/03/1444H (corresponding to 01/10/2022G) and ending on 04/03/1464H (corresponding to 24/02/2042G).	The lessee must notify MODON in writing of their desire to renew this contract one year before its expiration date. If the lessee fails to provide this notice, MODON has the right not to renew the contract. If MODON agrees to the renewal request, it will be under a new contract with new terms.	(22,760) Saudi Riyals annually	Authenticated on the MODON platform with number 814795.
4.	06/03/1444H (Corresponding to 02/10/2022G)	Saudi Authority for Industrial Cities and Technology Zones (Modon)	Modern Cotton and Fiber Products Factory, branch of the Global Marketing Company for Sleeping System Limited	Industrial Land	Industrial City – Jeddah First	20 Hijri years starting from 06/03/1444H (corresponding to 02/10/2022G) and ending on 05/03/1464H (corresponding to 26/02/2042G).	The lessee must notify MODON in writing of their desire to renew this contract one year before its expiration date. If the lessee fails to provide this notice, MODON has the right not to renew the contract. If MODON agrees to the renewal request, it will be under a new contract with new terms.	(56,335) Saudi Riyals annually	Authenticated on the MODON platform with number 815009.
5.	Not specified	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Modern Cotton and Fiber Products Factory, branch of the Global Marketing Company for Sleeping System Limited	Industrial Land	Industrial City – Jeddah First	19 Hijri years starting from 21/03/1445H (corresponding to 06/10/2022G) and ending on 20/03/1464H (corresponding to 26/02/2042G).	The lessee must notify MODON in writing of their desire to renew this contract one year before its expiration date. If the lessee fails to provide this notice, MODON has the right not to renew the contract. If MODON agrees to the renewal request, it will be under a new contract with new terms.	(56,335) Saudi Riyals annually	Authenticated on the MODON platform with number 2300184

#	Contract Date	Lessor	lessee	Type of Leased Property	Rental Address	Lease Duration	Renewal	Rental Value	Contract Status
6.	Not specified	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Modern Mattress and Bed Factory.	Industrial Land	Industrial City – Jeddah First	The contract starts from 06/03/1446H (corresponding to 09/09/2024G) and ends on 05/03/1447H (corresponding to 29/08/2025G).	The lessee must notify MODON in writing of their desire to renew this contract one year before its expiration date. If the lessee fails to provide this notice, MODON has the right not to renew the contract. If MODON agrees to the renewal request, it will be under a new contract with new terms.	(36,000) Saudi Riyals annually	Authenticated on the MODON platform with number 24000683
7.	Not specified	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Modern Foam Products Factory.	Industrial Land	Industrial City – Jeddah First	The contract starts from 06/03/1446H (corresponding to 09/09/2024G) and ends on 05/03/1447H (corresponding to 29/08/2025G).	The lessee must notify MODON in writing of their desire to renew this contract one year before its expiration date. If the lessee fails to provide this notice, MODON has the right not to renew the contract. If MODON agrees to the renewal request, it will be under a new contract with new terms.	(115,110) Saudi Riyals annually	Authenticated on the MODON platform with number 24000682
8.	06/03/1427H (Corresponding to 04/04/2006G)	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Modern Mattress and Bed Factory.	Residential Complex.	Industrial City – Jeddah First	25 years starting from 06/03/1427H (corresponding to 04/04/2006G) and ending on 05/03/1452H to (corresponding 06/07/2030G).	Not specified	(6,800) Saudi Riyals annually	Authenticated on the MODON platform with contract number 31185.

Source: The Company

9.7.3.2 Lease Agreements with Private Entities

- The group has entered into 25 lease agreements with private entities related to commercial offices, shops, exhibitions, warehouses, and locations they occupy. These contracts include common terms regarding rental value, payment method, and lease duration.
- Below is a summary of these contracts:

Table 97: Summary of Lease Agreements with Private Entities.

#	Contract Date	Lessor	Lessee	Type of Leased Property	Address	Lease Duration	Renewal	Rent Value	Contract Status	Contract Number
Lease contracts of the Saudi Industrial Development Company (SIDC)										
1	12/11/1446H (Corresponding to 10/05/2025G)	Lessor 1	The Saudi Industrial Development Company (SIDC)	office	Prince Mohammed Bin Abdulaziz Street 2344, 6168, 3264 (Jeddah)	(1095) days starting from 01/09/1446H (corresponding to 01/03/2025G) and ending on 04/10/1449H (corresponding to 28/02/2028G).	The rental period ends with the expiration of the contract term. If both parties wish to renew, a new contract will be written and agreed upon by both parties.	(1,132,173) Saudi Riyals (total contract value)	A contract authenticated on the Ejari platform – Executive Document.	0-1/ 20146017885
2	29/04/1446H (Corresponding to 01/11/2025G)	Lessor 2	The Saudi Industrial Development Company (SIDC)	Office (Number 4)	King Fahd Road, 12631, 2160, 8463, Riyadh (Riyadh)	(364) days, starting from 01/07/1446H (corresponding to 01/01/2025G) and ending on 11/07/1447H (corresponding to 31/12/2025G)	The contract renews for one year unless one party notifies the other of their intent to terminate it at least 90 days before the expiration date.	(327,750) Saudi Riyals	Contract authenticated on the Ejari platform – Executive Document	1/ 20573032829
Lease contracts of the Global Marketing Company for Sleeping System Limited										
3	27/11/1446H (corresponding to 25/05/2025G)	Lessor 3	Global Marketing Company for Sleeping System Limited	Shop	Deraab Subroad, 14713, 3245, 8367 (Riyadh).	(364) days, starting from 29/04/1446H (corresponding to 01/11/2024G) and ending on 09/05/1447H (corresponding to 31/10/2025G)	If both parties wish to renew, a new contract will be written based on mutual agreement.	(57,500) Saudi Riyals	Contract authenticated on the Ejari platform – Executive Document	0-1/20568651902
4	24/05/1444H (corresponding to 18/12/2022G)	Lessor 4	Global Marketing Company for Sleeping System Limited	Exhibition	24353, 8930, 5590 (Makkah).	(1,095) days, starting from 03/01/1444H (corresponding to 01/08/2022G) and ending on 06/02/1447H (corresponding to 31/07/2025G).	If both parties wish to renew, a new contract will be written based on mutual agreement.	(450,000) Saudi Riyals	Contract authenticated on the Ejari platform – Executive Document	1/ 20874724791
5	12/11/1446H (corresponding to 10/05/2025G)	Lessor 5	Global Marketing Company for Sleeping System Limited	Office	Prince Mohammed Bin Abdulaziz Street, 6168, 3246, 23411 (Jeddah).	(1,095) days, starting from 01/09/1446H (corresponding to 01/03/2025G) and ending on 04/10/1449H (corresponding to 28/02/2028G).	The rental period ends with the expiration of the contract term. If both parties wish to renew, a new contract will be written and agreed upon by both parties.	(1,132,173) Saudi Riyals (total contract value)	Contract authenticated on the Ejari platform – Executive Document	0-1/20396616061

#	Contract Date	Lessor	Lessee	Type of Leased Property	Address	Lease Duration	Renewal	Rent Value	Contract Status	Contract Number
6	14/01/1445H (corresponding to 01/08/2023G)	Lessor 6	Global Marketing Company for Sleeping System Limited	Shop (5 units)	Hira, 23525, 8173, 3739 (Jeddah)	(1,095) days, starting from 14/10/1444H (corresponding to 04/05/2023G) and ending on 16/11/1447H (corresponding to 03/05/2026G)	If both parties wish to renew, a new contract will be written based on mutual agreement.	(1,200,000) Saudi Riyals	Contract authenticated on the Ejari platform – Executive Document	1/ 20757443409
7	28/10/1443H (corresponding 29/05/2022G)	Lessor 7	Global Marketing Company for Sleeping System Limited	Exhibition	Jeddah, Makkah, 23332, 2440, 7061 (Jeddah).	(1,674) days, starting from 02/11/1443H (corresponding to 01/06/2022G) and ending on 22/07/1448H (corresponding to 31/12/2026G).	If both parties wish to renew, a new contract will be written based on mutual agreement.	(1,317,708) Saudi Riyals	Contract authenticated on the Ejari platform – Executive Document	1/ 20568863555
8	19/11/1446H (corresponding to 17/05/2025G)	Lessor 8	Global Marketing Company for Sleeping System Limited	Store	12981, 8100, 3811 (Riyadh).	(364) days, starting from 04/11/1446H (corresponding to 02/05/2025G) and ending on 14/11/1447H (corresponding to 01/05/2026G)	If both parties wish to renew, a new contract will be written based on mutual agreement.	(63,000) Saudi Riyals	Contract authenticated on the Ejari platform – Executive Document	0-1/ 20632907724
9	26/05/1444H (corresponding to 20/12/2022).	Lessor 9	Global Marketing Company for Sleeping System Limited	Store	Al-Oruba Road, 12252, 6691, 4128 (Riyadh).	(1,460) days, starting from 28/05/1443H (corresponding to 01/01/2022G) and ending on 11/07/1447H (corresponding to 31/12/2025G).	If both parties wish to renew, a new contract will be written based on mutual agreement.	(1,200,000) Saudi Riyals	Contract authenticated on the Ejari platform – Executive Document	2/ 20937812038
10	17/02/1444H (corresponding to 13/09/2022G)	Lessor 10	Global Marketing Company for Sleeping System Limited	Store	Al-Olya, 12281, 2870, 6057 (Riyadh)	(1,825) days, starting from 16/12/1443H (corresponding to 15/07/2022G) and ending on 10/02/1449H (corresponding to 14/07/2027G)	If both parties wish to renew, a new contract will be written based on mutual agreement.	(2,204,550) Saudi Riyals	Contract authenticated on the Ejari platform – Executive Document	2/ 20368295381
11	05/07/1446H (corresponding to 05/01/2025G)	Saudi Industrial Development Company (SIDC)	Global Marketing Company for Sleeping System Limited	Land, Warehouse	22524, 2591, 8558 (Jeddah)	(1,094) days, starting from 01/07/1446H (corresponding to 01/01/2025G) and ending on 03/08/1449H (corresponding to 31/12/2027G)	The rental period ends with the expiration of the contract term. If both parties wish to renew, a new contract will be written based on mutual agreement	(6,210,000) Saudi Riyals	Contract authenticated on the Ejari platform – Executive Document	2/ /020806944258
Lease contracts for Emmdad Logistic Services Company										
12	13/09/1446H (corresponding to 13/03/2025G)	Lessor 11	Emmdad Logistic Services Company	Warehouse	Abu Al-Hasan Al-Zahravi Street, 32231, 3282, 7325, Dammam	(1,095) days, starting from 03/10/1446H (corresponding to 01/04/2025G) and ending on 25/05/1449H (corresponding to 31/03/2028G).	The rental period ends with the expiration of the contract term. If both parties wish to renew, a new contract will be written and agreed upon by both parties.	(1,380,00) Saudi Riyals	Contract documented on the Ejari platform – Executive instrument	0-1/ 20867862870
13	29/04/1445H (corresponding to 13/11/2023G)	Lessor 12	Emmdad Logistic Services Company	Warehouse	Nazat Thaqif, 14329, 7736, 2820, Riyadh	(730) days, starting from 17/07/1445H (corresponding to 29/01/2024G) and ending on 09/08/1447H (corresponding to 28/01/2026G).	If both parties wish to renew, a new contract will be written, agreed upon by both parties.	(1,407,600) Saudi Riyals	Contract documented on the Ejari platform – Executive instrument	0-1/ 20056027750
14	04/06/1446H (corresponding to 05/12/2024G)	Lessor 13*	Emmdad Logistic Services Company	Apartment	Maghaib Al-Barr, 14329, 2776, 7511, Riyadh	(364) days, starting from 01/12/1445H (corresponding to 07/06/2024G) and ending on 10/12/1446H (corresponding to 06/06/2025G).	If both parties wish to renew, a new contract will be written, agreed upon by both parties	(28,000) Saudi Riyals	Contract documented on the Ejari platform – Executive instrument	0-1/ 10533677970
15	04/06/1446H (corresponding to 05/12/2024G)	Lessor 14	Emmdad Logistic Services Company	Apartment (3 units)	Hakim Ibn Hizam, 32242, 4188, 7803, Dammam	(364) days, starting from 09/06/1446H (corresponding to 10/12/2024G) and ending on 18/06/1447H (corresponding to 09/12/2025G)	If both parties wish to renew, a new contract will be written, agreed upon by both parties.	(29,000) Saudi Riyals	Contract documented on the Ejari platform – Executive instrument	0-1/ 10977288285
16	29/02/1446H (corresponding 02/09/2024G)	Lessor 15	Emmdad Logistic Services Company	Office	Al-Olya, 12251, 2700, 6403, Riyadh	(491) days, starting from 23/02/1446H (corresponding to 27/08/2024G) and ending on 11/07/1447H (corresponding to 31/12/2025G)	If both parties wish to renew, a new contract will be written, agreed upon by both parties.	(62,403) Saudi Riyals	Contract documented on the Ejari platform – Not considered an executive instrument due to additional clauses or conditions.	0-1/20936450252

#	Contract Date	Lessor	Lessee	Type of Leased Property	Address	Lease Duration	Renewal	Rent Value	Contract Status	Contract Number
Lease Contracts of the Arabian Spring & Foam Mattresses Mfg. Company Ltd.										
17	29/07/1446H (corresponding to 29/01/2025G)	Lessor 16	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Worker Housing	Property No. 50 – Al-Stantral Street – 6th of October District	A Gregorian year starting from the date 29/07/1446H (corresponding to 29/01/2025G) and ending on 10/08/1447H (corresponding to 29/01/2026G)	This contract is only renewed with a new contract and an increase of no less than (10%) of the rental value	(2,600) Egyptian Pounds (approximately 200 Saudi Riyals) per month	Does not apply to contracts signed by the subsidiary in the Arab Republic of Egypt.	
18	26/12/1445H (corresponding to 02/07/2024G)	Lessor 17	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Worker Housing	Property No. 638 – Street 19 – First October District	A Gregorian year starting from the date 01/01/1446H (corresponding to 07/07/2024G) and ending on 12/01/1447H (corresponding to 07/07/2025G)	Renewable	(11,000) Egyptian Pounds (approximately 847 Saudi Riyals) per month		
19	25/12/1445H (corresponding to 01/07/2024G)	Lessor 18	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Worker Housing	Property No. 171 – Al-Mustaqbal Street – 6th of October District	A Gregorian year starting from 25/12/1445H (corresponding to 01/07/2024G) and ending on 05/01/1447H (corresponding to 30/06/2025G)	Renewable	(2,800) Egyptian Pounds (approximately 215 Saudi Riyals) per month		
20	25/12/1445H (corresponding to 01/07/2024G)	Lessor 19	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Residential Apartment	Property No. 2 Sh – Second District	A Gregorian year starting from 25/12/1445H (corresponding to 01/07/2024G) and ending on 05/01/1447H (corresponding to 30/06/2025G)	Renewable	(1,920) Egyptian Pounds (approximately 147 Saudi Riyals) per month		
21	25/12/1445H (corresponding to 01/07/2024G)	Lessor 20	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Residential Apartment	Property No. 72 – Taawon Street – 6th of October District	A Gregorian year starting from 25/12/1445H (corresponding to 01/07/2024G) and ending on 05/01/1447H (corresponding to 30/06/2025G)	Renewable	(2,800) Egyptian Pounds (approximately 215 Saudi Riyals) per month		
22	16/04/1445H (corresponding to 31/10/2023G)	Lessor 21	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Residential Apartment	Building 49 – Apartment 9 – Men – Second October District	A Gregorian year starting from 29/04/1446H (corresponding to 01/11/2024G) and ending on 10/05/1447H (corresponding to 01/11/2025G)	Renewable	(3,000) Egyptian Pounds (approximately 230 Saudi Riyals) per month		
23	30/02/1446H (corresponding to 03/09/2024G)	Lessor 22	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Al-Khazan Street – Building 320 – District 4 – Neighborhood 2 – 6th of October – Giza. Residential Apartment	A Gregorian year starting from 12/03/1446H (corresponding to 15/09/2024G) and ending on 22/03/1447H (corresponding to 14/09/2025G)	The contract is not renewable except with a new agreement	(10,000) Egyptian Pounds (approximately 765 Saudi Riyals) per month			
24	03/01/1446H (corresponding to 09/07/2024G)	Lessor 23	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Employee Accommodation	25 Ibn Al-Nafis Street – Sixth District – Second Floor, Unit No. 5 – Makram Ebeid – Nasr City – Cairo	A Gregorian year starting from 08/01/1446H (corresponding to 14/07/2024G) and ending on 18/01/1447H (corresponding to 13/07/2025G)	The contract is not renewable except with a new agreement	(33,500) Egyptian Pounds (approximately 2,541 Saudi Riyals) per month		
25	15/02/1445H (corresponding to 31/08/2023G)	Lessor 24	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Store	City Stars Project – Omar Ibn Al-Khattab Street – Nasr City – Cairo	5 years and 3 months, starting from 16/03/1445H (corresponding to 01/10/2023G) and ending on 15/08/1450H (corresponding to 31/12/2028G)	--	Quarterly allowances in addition to a percentage of sales		

Source: The Company

*The renewal procedures are in progress

9.7.4 Sale Contracts for Land Designated for an Industrial Project

- The Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) in Egypt, has signed two preliminary sales contracts for land allocated for the establishment of an industrial project with the New Urban Communities Authority, which include obligations on the subsidiary Company as follows:
 - The subsidiary Company is committed to implementing all regulations and decisions issued or to be issued by the New Urban Communities Authority regarding the requirements for buildings and industrial facilities. The subsidiary Company is also committed to implementing the decisions of the New Urban Communities Authority regarding the safety and cleanliness of facilities.
 - The subsidiary Company may not dispose of the plot of land subject to the contract or part thereof by any of the transactions transferring ownership or enter into it or part thereof as an in-kind share in a company within (10) years from the date of allocation except after obtaining prior written approval from the New Urban Communities Authority and without prejudice to the terms of allocation and planning of the industrial zone and with adherence to the dates for establishing the project.
 - The subsidiary Company is committed not to rent the sold land to others or enable them to use it in any way for a period of (10) years from the date of allocation except after obtaining written approval from the New Urban Communities Authority.
 - The subsidiary Company accepts to waive its right to take pre-emption in the properties that the New Urban Communities Authority disposes of by selling to others.
- The following table shows a summary of the two sales contracts signed with the New Urban Communities Authority:

Table 98: Summary of Sales Contracts with the New Urban Communities Authority

Contract Type	Contract Date	First Party	Second Party	Contract Subject	Contract Value	Notes
Preliminary Sale Contract for Land Allocated for an Industrial Project	05/01/1424H (08/03/2003)	New Urban Communities Authority	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	The first party sold to the second party a vacant land plot (93) in the Third Industrial Zone (area: 15,147 m ²) for establishing an industrial project under the conditions specified by the first party.	1,305,948 EGP (approximately 100,587 Saudi Riyals)	The land was received on 27/03/1417H (12/08/1996), and actual operation and production began in October 2003. The building permit was issued by the New Urban Communities Authority – 6th of October City Development Authority – Licensing Department for this plot. The subsidiary obtained an operating license for this plot.
Preliminary Sale Contract for Land Allocated for an Industrial Project	15/04/1425H (03/06/2004)	New Urban Communities Authority	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	The first party sold to the second party vacant land plots (145,146 S2) in the Industrial Zone of 6th of October City (area: 11,418.40 m ²) for establishing an industrial project under the conditions specified by the first party.	296,878 EGP (approximately 22,866 Saudi Riyals)	The land was received on 14/05/1413H (09/11/1992), and actual operation and production began in June 2005. The building permit was issued by the New Urban Communities Authority – 6th of October City Development Authority – Licensing Department for this plot. The company obtained a permanent operating license under the notification procedure for this plot.

Source: The Company

9.7.5 Credit Facilities and Loan Contracts

- During the year 2022G, the subsidiary, the Global Marketing Company for Sleeping System Limited (the Customer) signed a Murabaha sale agreement for the purchase and sale of securities with Derayah Finance Company (Derayah), the value of the agreement amounted to (20,000,000) Saudi Riyals at an annual interest rate of (6.25%) to be paid during the second quarter of the year 2023G. During the second quarter, the subsidiary entered into a margin trading agreement with a total value of (21,500,000) Saudi Riyals at an annual interest rate of (9%) provided that the interest is paid on a monthly basis, the proceeds were used to pay the previous financing amount and deposit the remaining in the cash account of the subsidiary.
- The balance of credit facilities as of December 31, 2023G amounted to (22,000,000) Saudi Riyals.
- The table below provides a summary of these facilities:

Table 99: Summary of Credit Facilities

Financing Entity	Presumptive entity	Type of Agreement	Agreement Date	Facility Expiry Date	Credit Limit (Saudi Riyals)	Utilized Amount* (Saudi Riyals)	Repaid Amount* (Saudi Riyals)	Repayment Schedule	Provided Guarantees
Derayah Finance Company	Global Marketing Company for Sleeping System Limited	Asset Mortgage Agreement	05/08/1443H (Corresponding to 08/03/2022G)	(12) months from the date of signing, renewable	20,000,000	20,000,000	20,000,000	April 2023G	Promissory note worth (21,250,000) Saudi Riyals issued in the name of the Global Marketing Company for Sleeping System Limited
Derayah Finance Company	Global Marketing Company for Sleeping System Limited	Free Margin Trading Agreement	26/09/1444H (Corresponding to 17/04/2023G)	Indefinite, and either party may terminate it with a (5) days' written notice	21,500,000	21,500,000	0	Not specified	Promissory note worth (21,500,000) Saudi Riyals issued in the name of the Global Marketing Company for Sleeping System Limited. Pledge of all assets available in the subsidiary's portfolios to Derayah Finance Company
Sukuk Capital Company	Global Marketing Company for Sleeping System Limited	Debt Instruments Issuance Regulation Agreement	08/0/1446H (corresponding to 11/09/2024G)	Debt instrument issuance program for a period of (30) months	10,000,000	0	0	Monthly for (24) months.	A promissory note in the amount of (10,000,000) Saudi Riyals was issued by the company in favor of Sukuk Capital Company. The parent company (Saudi Industrial Development Company SIDC) also issued a promissory note in favor of Sukuk Capital Company as a guarantor for its subsidiary. A member of the Board of Directors (E.Eng Bandar Abdullah Ibrahim Alhomaidi) also issued a promissory note in favor of Sukuk Capital Company as a guarantor for the subsidiary company.
Commercial International Bank	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Short-term credit facility agreement	15/01/1446H (corresponding to 21/07/2024G)	02/11/1446H (corresponding to 30/04/2025G)	10,000,000 Egyptian pounds (equivalent to 753,634 Saudi Riyals) 753,634	0	0	Payment is due 90 days after the date of using the facilities for shipment of the goods from the supplier.	A promissory note in the amount of (735,634) Saudi Riyals issued by the company in favor of the Commercial International Bank.

Source: The Company

* As of June 30, 2024G

- The Asset Pledge Agreement, which was settled in April 2023G, authorized Derayah Financial Company (Derayah) to lend or pledge securities in the Trading Facilities Account of Global Marketing Company for Sleeping System Limited (the Client), when selling securities at a deferred price. The key terms and conditions of this agreement include:
 - The client is authorized to purchase, hold, and trade specific securities from Derayah in accordance with the agreement's terms and conditions. Derayah and the client may also enter into Murabaha-based securities sale and purchase agreements, which are subject to the Saudi Capital Market Authority (CMA) regulations and the agreement's provisions
 - If the client intends to enter into a securities purchase agreement, they must notify Derayah in advance.
 - Guarantees: The Customer agrees that all assets available in all his portfolios specified with Derayah are pledged in favor of Derayah as collateral for the facilities granted under the sales agreement or agreements, and the Customer is obligated not to dispose of them by selling, pledging or depositing for any other purpose without obtaining Derayah's prior approval as long as such facilities remain due or valid. The Customer further acknowledges that Derayah has a lien on these assets as collateral for the amounts due to them.
 - The Customer agrees to maintain a basic initial guarantee in his accounts with Derayah in the amount of (20,000,000) Saudi Riyals.
 - Derayah may, at its discretion, address to the Customer a request to increase the guarantees provided by the Customer.
 - The Client agrees that Derayah will, at its discretion, liquidate part or all of the Client's assets held with Derayah.
 - Derayah may, in its sole discretion, oblige the Customer to increase the minimum value of the Special Warranty and/or issue a request for coverage with additional collateral in certain cases.
 - This Agreement specifies the cases of breach and the customer's obligation to pay the facilities in these cases.
 - Derayah has the absolute right to amend the terms and conditions of this Agreement and related warranties according to market conditions and risk ratio.
 - The duration of the agreement is (12) months from the date of its conclusion, provided that the customer completes all the necessary documents. This Agreement shall also automatically be renewed for another period or periods unless one of the parties informs the other party of its unwillingness to renew.
 - If the client wishes to discontinue or terminate the facility, they must settle all outstanding debts before the agreement can be canceled.

Attachments:

1. The initial guarantee amounted (20,000,000) Saudi Riyals.
 2. Disclosure statement on stock trading facility risks.
 3. The client issues a purchase commitment, declaring their intention to buy securities at a total price based on the prevailing market rate, not exceeding 20,000,000 Saudi Riyals.
 4. Under this Murabaha sale agreement, Derayah Financial Company sells shares of two companies to the client through a Murabaha transaction, where the client agrees to pay a deferred price of 21,250,000 Saudi Riyals.
- The Margin Trading Agreement authorizes Derayah Financial to pledge the securities available in the margin trading account for its benefit when lending money to the client. According to the terms and conditions of this agreement, Derayah and the client agree that the client can purchase, hold, and trade certain securities on margin without costs or trading fees. This agreement includes key terms and conditions, including:
 - Derayah has the right to amend the maximum number of facilities granted (21,500,000 Saudi Riyals) without obtaining the prior approval of the customer, provided that the amendment does not exceed the permissible facilities limits.
 - The customer may not exceed the maximum facility otherwise, they will be considered in breach.
 - Guarantees: The Customer agrees that all assets available in all their portfolios with Derayah are pledged in favor of Derayah as collateral for the facilities granted to him under the sales agreement or agreements, and the Customer is obligated not to dispose of them by selling, mortgaging or depositing for any other purpose without obtaining Derayah's prior approval as long as such facilities remain due or valid. A lien is created on these assets as security for the amounts due to Derayah.

The Client also agrees to provide a bond and a copy of the Margin Risk Disclosure Statement.

- The Customer agrees to maintain a basic initial guarantee in his accounts with Derayah in the amount of (21,500,000) Saudi Riyals.
- At Derayah's discretion, part or all of the Customer's assets held with Derayah as collateral for the facilities will be liquidated without reference to the Customer if the liquidation level is achieved.
- Derayah has the absolute option to determine which assets are offered for sale, and the customer undertakes not to appeal its resolution in this regard, and Derayah assumes no responsibility for not exercising these Rights Issue for any reason whatsoever.
- Derayah may, in its sole discretion, request the Customer to increase the minimum margin for his Account and/or issue a margin request for such Account in certain cases.

- This Agreement specifies the cases of breach and the Customer's obligation to pay the facilities in such cases and authorizes the Customer Derayah upon the occurrence of any breach and at any other time thereafter to perform any of the procedures specified in the Agreement without the need to claim additional collateral or provide a notice of sale or purchase or advertisement or other notice either to the Customer or to any other person:
- Close any account
- Sale of any securities or other assets held in the client's accounts with Derayah
- Cancel any open orders and close any unexecuted orders or contracts
- Take any measures that Derayah deems in its sole discretion necessary to comply with the relevant laws, regulations and regulations.
- The client shall indemnify and hold Derayah harmless against all liabilities, obligations, damages, losses, financial claims, costs, demands, and expenses that Derayah may incur due to the client's breach of any provisions of this agreement.
- The Client undertakes to acquire a minimum of (3) companies' shares at all times, provided that the value of the shares of any of them does not exceed (50%) of the total value of the guarantor assets in the Client's portfolio(s).
- Derayah has the absolute right to modify the terms and conditions of this agreement and the warranties according to market conditions and risk ratio.
- The duration of the Agreement is indefinite and either party may terminate it upon (5) days' written notice.
- The Customer agrees that Derayah has the right to amend this Agreement by amending or canceling any of its existing provisions or by adding any new provision to it. Any such amendment shall take effect from the date determined by Derayah.

Attachments:

1. Customer evaluation form.
 2. Facility limits.
 3. Disclosure Margin Trading Risk
 4. Request a subscription to the margin trading service.
- On 08/03/1446H (corresponding 11/09/2024G), Global Marketing Company for Sleeping System Limited (Second Party or Beneficiary) signed an agreement to regulate the issuance of debt instruments with Sukuk Capital Company (First Party), whereby the subsidiary intends to establish a Murabaha compliant debt instruments issuance program within the limits of ten million (10,000,000) Saudi Riyals, provided that the agreement is valid from the date of its signature until the date of amortization of debt instruments issued under the Debt Instruments Program, and payment of full fees and commissions due to the first party under the agreement. It should be noted that the number of issues under this program is (8) and for a period of (30) months. Under this agreement, the first party, as an agent of the second party, shall organize a Murabaha debt instruments issuance program, noting that as of the date of this prospectus, Sukuk Capital Company has established a special purposes entity and issued sukuk worth six million (6,000,000) Saudi Riyals.
- The First Party shall assume the following responsibilities:
- Assume the task of the main organizer of the issuance, and the second party does not have to authorize or authorize any other party to carry out the functions of the first party.
 - Preparing the structure of Murabaha debt instruments, and all offering documents related to the issuance of debt instruments, including Murabaha contract and prospectus.
 - Obtaining the necessary approvals from the Capital Market Authority in the Kingdom of Saudi Arabia to issue Murabaha Sukuk.
 - Obtaining the necessary Sharia approval on the offering structure, contracts and issuance documents, through the Sharia Committee of the first party.
 - Managing the issuance promotional campaign through the debt instruments platform.
 - Offering debt instruments through the debt instruments issuance platform.
 - Establishment of a special purpose's entity for the purpose of issuing debt instruments.
 - The First Party may authorize any other party to perform any of the tasks required to be performed under this Agreement in its absolute discretion.
- Prerequisites to be met by the Second Party:
 - A copy of the Second Party's incorporation documents, including the commercial register certificate and the articles of association, with all amendments thereto.
 - Proof acceptable to the First Party in form and content that the person or persons signing this agreement or any documents for the Murabaha transaction or any other documents related to the issuance of debt instruments delivered in accordance with this agreement are authorized to do so, and that their signature specimens are delivered to the First Party certified by the Chamber of Commerce.

- There is no breach by the Second Party towards other creditors that has not been expressly waived by the creditor/creditors on or before the proposed issuance date.
- The First Party may restrict the proceeds of the financing and disburse the amounts as it deems appropriate in the credit report.
- That all licenses, decisions and approvals necessary for the issuance and related to the second party issued by governmental or regulatory bodies or institutions are valid and enforceable, on the date of the proposed issuance.
- That there is no change in the financial, political, economic, environmental or national or international health conditions, currency exchange rates or exchange controls between the date of this agreement and the date of issuance of the debt instruments - in the opinion of the first party - which is likely to lead to:

Material damage to the offering of the debt instruments proposed to be issued on the debt instruments issuance platform.

A material negative change affecting the ability of the second party to the obligations arising or that will arise under this agreement.

- That the representations and warranties by the second party in this agreement are correct and acceptable to the first party.
- The Capital Market Authority shall be notified of the intended issuance and offering of debt instruments, as required by the relevant regulations and Laws, and the Authority shall verify that it has no objection to the issuance. - Any other information or documents requested by the first party, including: the requirements of the verification standard of the principle: "Know Your Customer".
- The most important statements of the second party:
 - The first party is not obligated to purchase debt instruments as an underwriter or sell any debt instruments issued or provide any form of financing directly or enter into any other transaction, and the first party's obligation is determined by offering and marketing debt instruments through the debt instruments issuance platform.
 - The necessity of notifying the first party immediately upon learning that any information provided by the second party to the Company or investors has become, or may become, inaccurate or misleading.
 - Not to authorize any other party or entity to undertake the issuance of the debt instruments concerned and specified in this Agreement, and it also acknowledges that the second party may not obtain any credit facilities without prior notice to the first party.
 - The first party does not bear any responsibility for any of the following: (1) The adequacy, accuracy or completeness of any guarantee, pledge, agreement, statement or information contained in the basic issuance prospectus or any final terms applicable in this agreement or any information provided in connection with the issuance. (2) The nature and suitability of all legal, tax and accounting matters and all documents related to the issuance or its contracts and documents. (3) Any losses, costs, fees or any damages incurred by the Second Party as a result of the implementation of its obligations under this Agreement, unless such losses, costs, fees or damages resulted from the First Party's breach, negligence or default. (4) Any liability resulting from force majeure.
 - All representations, approvals, undertakings, warranties, documents and licenses provided by it in this Agreement are valid, effective and enforceable throughout the Program Term.
 - The Second Party's obligation to repay the debt arising from the issuance of debt instruments will be a direct obligation on the Second Party and in the rank of its current and future obligations not subject to this issuance at all times, except for obligations that may be preferred/provided under the provisions of any applicable law in the Kingdom of Saudi Arabia.
 - That the Second Party has not entered into bankruptcy or insolvency proceedings, and that the implementation of this agreement and the issuance of debt instruments in favor of the Second Party, and its undertaking to implement the obligations arising from the issuance documents and papers will not lead to the bankruptcy or insolvency of the Second Party.
 - There has been no material negative change since 31/12/2023G or the possibility of a material negative change on the proposed issuance date in the financial or non-financial condition or results of its operations or the occurrence of any event that makes any of the statements, warranties or basic information that will be stated in the issuance prospectus incorrect, invalid or misleading.

- Termination cases:

The First Party has the right to terminate the agreement without cause by prior written notice sent (sixty) days before to the Second Party.

The First Party shall also have the right to terminate its obligations arising from this Agreement, and to announce to the Second Party that the proceeds of the debt instruments due to the holders of the debt instruments and all fees and commissions due to the First Party are due and payable immediately, and the beneficiary must pay them to the Company without further claims or other notifications, and without the need for a court ruling or other regulatory procedures, and the First Party shall take what it deems appropriate to implement the guarantees provided by the Second Party and/or any other regulatory procedure to collect its dues from the Second Party, in any of the following cases:

- If the Second Party procrastinates or delays in paying the total sale price due on the payment date, after notifying the beneficiary within (15) days from the date of delay.

- If the Second Party fails or fails to implement any of the terms and conditions of this Agreement.
 - If any of the information or documents provided by the Second Party are found to be incorrect.
 - If a lawsuit exists or if all or any part of the assets or businesses of the Second Party are or may be executed or seized.
 - If the Beneficiary delays in using the facilities during the period of granting the facilities, the First Party has the right to cancel this Agreement.
 - If any creditor becomes entitled to declare the due payment of his financial debt before its due date as a result of a case of default or termination.
 - If the validity of any documents or papers provided to the First Party at the beginning of the contractual relationship with the Second Party expires.
 - If a fundamental change occurs in the financial obligations of the Second Party that may affect its ability to fulfill its financial obligations arising from this Agreement.
- On 17/11/1447H (corresponding to 15/05/2025G), the financing contract No. (4090497283) was concluded between the Social Development Bank (the first party) and the subsidiary, Emmdad Logistic Services Company (the second party). The first party agreed to finance the second party under this contract in the amount of ten million (10,000,000) Saudi riyals. The repayment period is (5) calendar years from the date of receipt of the first payment, including a (6)-month grace period and a (54)-month repayment period. This contract includes obligations and commitments on the part of the subsidiary, including:
- Use the financing amount for capital expansion and increasing production capacity.
 - Not withdraw (50%) of net profits throughout the financing period.
 - A promissory note was signed by Emmdad Logisitic Services Company as its issuer for the full financing amount in favor of the bank. The promissory note was signed by Mr. Ibrahim bin Abdullah bin Ibrahim Alhomaiddhi, Mr. Ahmed bin Abdullah bin Abdulrahman Alkanhal, Asifat Road Storm Trading & Contracting Company, and Global Marketing Company for Sleeping System Limited as guarantors for the full financing amount in favor of the bank.
- There is no pending or initiated inspection, lawsuit, action, or dispute against the second party, or any of its subsidiaries, holding companies, group companies, or guarantors. There is no judicial or arbitration ruling, or any breach of any law, regulation, judgment, order, mandate, or contract. There is no restriction or impediment to its right to dispose of any of its assets and properties, except for what the second party has disclosed and the first party has determined does not affect the fulfillment of its obligations under the contract.
- The second party's obligations to the first party at any time take precedence over all other obligations.
- In accordance with the legal form and entity of the second party, its subsidiary, holding company, and its group, each of them shall conduct its business, activities, and all other affairs professionally, efficiently, and vigilantly, in accordance with sound financial, accounting, commercial, and industrial standards and practices, and in accordance with its constituent documents. It shall not fail to insure against all property risks, cease its activities, or enter into settlement or conciliation procedures with creditors, insolvency, liquidation, dissolution, or merger throughout the term of this contract.
- The second party acknowledges the first party's right to suspend or cancel the financing product limit/financial product limits, or any part thereof, in the event of a dispute between partners or shareholders or a cessation of activity, whether with respect to the second party, its subsidiary, holding company, or group, without prejudice to the first party's rights accrued prior to or as a result of the suspension or cancellation.
- The second party shall be considered personally and fully liable, to the best of its ability, for the debt of the first party under this contract, regardless of the legal form and entity of the establishment. The second party shall not be entitled to claim liability for the debt within the limits of the company's capital or its share therein, and shall remain liable for the debt of the first party in all cases.
- The second party acknowledges that the mortgages, promissory notes, pledges, and other security documents submitted by it and in the possession or control of the first party are all considered guarantees for its fulfillment of its obligations under this contract, and that they are all duly issued in form and content and are binding until the full amount of the financing is paid, and on its private and public successors and guarantors, and that the first party has the absolute right, at its discretion, to resort to any or all of these guarantees in accordance with the order determined by the first party at its sole discretion, and that its recourse to any one of them does not affect its absolute right to resort to any other guarantee from them or all of them, and that the existence of these guarantees or recourse to them does not absolve the second party from paying or paying the debt owed by it under this contract until the full value of the financing is paid. The second party also undertakes to provide any guarantees upon the first written notification from the first party before signing the contract. If the second party is late in providing the guarantees it is notified to provide, the first party has the right to cancel the financing application and all procedures resulting from it.
- The second party is obligated to submit and/or sign all documents and promissory notes requested by the first party to document the financing/financing terms or guarantees related to this contract, whether before or after the financing/financing terms are utilized.
- An event of default is the second party's failure to pay any installment or amount due, whether as principal or guarantor, the failure of any of its guarantors to fulfill their obligation to pay as a guarantee on its behalf, the failure of the second party to provide the guarantees they were notified to provide, or the breach of any of the provisions of this contract.
- In the event of a default, the first party has the right to suspend the disbursement of the financing and demand the second party repay the amount disbursed in full, with irrevocable authorization for the first party to take immediate action at its discretion, such as demanding the second party repay the debt, selling any funds, property, papers, or real estate owned by the second

party in the first party's possession or under its control, or preventing the second party from requesting additional financing or increasing the financing beyond the limits not utilized under the contract.

- It is worth noting that a promissory note to the Social Development Bank dated 17/11/1446H (corresponding to 15/05/2025G) for the value of ten million (10,000,000) Saudi Riyals was submitted, issued in the name of Emmdad Logistic Services Company and accepted by the guarantors: Mr. Ibrahim bin Abdullah bin Ibrahim Alhomaiddhi, Mr. Ahmed bin Abdullah bin Abdulrahman Al-Kanhal, Road Storm Trading & Contracting Company (represented by Mr. Ahmed bin Abdullah bin Abdulrahman Al-Kanhal), and Al-Alamiah for Sleep Supplies Marketing Limited (represented by Eng. Bandar bin Abdullah bin Ibrahim Alhomaiddhi).
- Furthermore, an acknowledgement of performance and indemnity guarantee (individuals) dated 17/11/1446H (corresponding to 15/05/2025G) was provided by both Mr. Ibrahim bin Abdullah bin Ibrahim Alhomaiddhi and Mr. Ahmed bin Ibrahim bin Abdullah bin Abdulrahman Alkanhal; and an acknowledgement of performance and indemnity guarantee (companies) dated 17/11/1446H (corresponding to 15/05/2025G) was provided by both Global Marketing Company for Sleeping System Limited and Road Storm Trading & Contracting Company.
- On 28/11/1446H (corresponding to 26/05/2025G), a sukuk issuance arrangement agreement was concluded between Dinar Investment Company (the first party) and the subsidiary, Emmdad Logistic Services Company (the second party). The agreement stipulates the issuance of sukuks under a program for a total amount of ten million (10,000,000) Saudi riyals, provided that the total nominal value of the outstanding issuances within one year does not exceed ten million (10,000,000) Saudi riyals. A special purpose entity was established for the purpose of issuing the sukuks under the name "Emmdad Logistic Services Company Sukuk." It is licensed by the CMA under number (SPE01246) dated 01/12/1446H (corresponding to 28/05/2025G) for a period of (5) years. Emmdad Logistic Services Company was appointed as the sponsor of the SPE, and Dinar Investment Company as the trustee. Pursuant to the Sukuk Arrangement Agreement, Dinar Investment Company may, at any time, from time to time, and at its sole discretion, without stating any reason, stop or cancel all or part of the issuance of new Sukuk; reduce the total nominal value of the program, cancel, or suspend it; require Emmdad Logistic Services Company to pay all amounts due to Dinar Investment Company or the Sukuk holders; amend any term or condition of the agreement or the Sukuk documents; or amend any fees related to the program or issuance in any of the Sukuk documents.
- Emmdad Logistic Services Company acknowledges:
 - The first party is not obligated to purchase the Sukuk as an underwriter, sell any Sukuk issued, provide any form of financing directly, or enter into any other transaction. The first party's obligation is limited to offering and marketing the Sukuk.
 - The First Party must be notified immediately upon becoming aware that any information provided by the second party to the first party or the investors has become, or may become, inaccurate or misleading.
 - Not to authorize any other party or entity to undertake the issuance of the Sukuk specified in this agreement. The second party may not obtain any credit facilities without the prior approval of the first party.
 - Not to submit any application to issue, organize, or arrange the issuance of Sukuk to any other platform, and that no Sukuk are in existence at the time of signing this agreement.
 - The first party is acting solely as an agent to facilitate the issuance of Sukuk on behalf of the second party.
 - Emmdad Logistic Services Company also undertakes:
 - That the performance of its financial obligations arising from the issuance of Sukuk will be a direct obligation of the second party and will rank pari passu with its current and future obligations not subject to this issuance at all times, with the exception of obligations that may be preferred or provided for under the provisions of any applicable law in the Kingdom.
 - That no governmental, legal, arbitration, claims, lawsuits, or investigations have been filed against it during the (12) months preceding the proposed issuance date that could have a material impact on the financial position, results of operations, or profitability of the first party, and that such impact would be material in the context of the Sukuk issuance.
 - That there has been no material adverse change for three (3) fiscal years prior to the signing of this agreement, or the possibility of any material adverse change in its financial or non-financial condition or results of operations at the proposed issuance date, or the occurrence of any event that renders any of the representations, warranties, and basic information contained in the prospectus for the issuance of the Sukuk incorrect, invalid, or misleading.
 - Disclosure to the first party of any information that leads to a material adverse change.
- It should be noted that among the events of default specified in this agreement are the second party's procrastination or delay in paying any dues, payments, or fees due to the first party or the Sukuk holders that must be paid on the payment date, failure to comply with or inability to implement any of the terms and conditions of this agreement, a change in the legal form or executive management that affects the fulfillment of the second party's obligations, declaration of bankruptcy or insolvency, filing lawsuits or financial claims that harm the first party's rights, or being prohibited from practicing the activity or canceling the commercial registration and licenses. In the event of any default, the first party may terminate its obligations under this agreement and notify the second party that all fees, commissions, and returns due to the first party or the bondholders are due and payable immediately.
- Furthermore, Emmdad Logistic Services Company, Global Marketing Company for Sleeping System Limited and Road Storm Trading & Contracting Company have submitted promissory notes to Dinar Investment Company (3 notes in total) issued on 28/11/1446H (corresponding to 26/05/2025G), each valued at four million eight hundred forty thousand (4,840,000) Saudi Riyals. A guarantee agreement was also concluded with a corporate entity on 28/11/1446H (corresponding to 26/05/2025G), where the beneficiary of the guarantee is Dinar Investment Company, the guaranteed entity is Emmdad Logistic Services Company, and the guarantors are Global Marketing Company for Sleeping System Limited and Road Storm Trading & Contracting Company.

- On 15/01/1446H (corresponding to 21/07/2024G), the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) (the Debtor) signed a contract to grant short-term credit facilities with the Commercial International Bank (Egypt) (the Bank) in the amount of ten million (10,000,000) Egyptian pounds. This contract included obligations on the subsidiary Company according to the following summary:
 - The Bank may - according to its sole management - stop and/or cancel the financing at any time and cancel its term and demand the debtor to pay all and cancel its term and demand the debtor to pay all amounts due under this financing from the principal, return, commissions, expenses and any other amounts due to be paid immediately without the need to obtain the debtor's approval or inform him of that.
 - The debtor is obligated to make the first withdrawal/use of the financing for the purpose specified for it under this contract - provided that the preconditions for use are met and, in the manner, stipulated in this contract - within a maximum period. In the event that the debtor does not use the financing within the aforementioned period, this contract shall be deemed automatically void and the bank shall be immediately released from its obligation to grant the debtor financing under this contract.
 - The debtor is obligated to pay the bank a monthly commission of (0.125%) calculated on the highest debit balance of this financing accounts during each month.
 - The debtor is obligated to pay the bank annual administrative expenses of (1.5%) of the total financing amount.
 - The debtor is obligated to transfer all of his financial proceeds arising from his activity and transactions to his accounts opened with the bank so that they are not less than 9,753,000 Egyptian pounds per month at any time.
 - The debtor is obligated to abide by all the terms and conditions included in the Ministry of Finance initiative, including using the financing within the limits of the purpose stipulated in this contract only.
 - The debtor acknowledges that his dealings and those related to him with the banks participating in the Ministry of Finance initiative are limited to a maximum of two banks.
 - Not to carry out any activities other than those stipulated in the debtor's articles of association unless prior written approval is obtained from the bank throughout the financing period and until full payment.
 - To assign all insurance documents related to the debtor or any of his fixed and movable assets and others in favor of the bank.
 - As long as this contract is in effect and until all amounts due to the bank are paid in full, the bank shall have a general lien on the debtor's funds from deposit accounts and other funds that are at any time in the possession of the bank or under its authority or delivered to it or deposited or registered in its name as a guarantee for any amounts or obligations due or arranged now or that may be due or incurred later on the debtor.
 - The debt term shall lapse and all amounts used under the contract shall become due and payable immediately, including returns, commissions, expenses and all its appendices. Payment shall be made from the debtor's own resources unless the bank accepts otherwise according to its sole will, without prejudice to the bank's right to compensation and without the need for warning or notice or obtaining a court ruling in any case stipulated by law for the debt to become due or its terms to lapse or when one of the cases specified in the contract occurs, the most important of which are:
 1. Failure to pay any amount due to the bank.
 2. Breach of any provision of this contract and/or its appendices.
 3. Breach and/or non-availability of any of the conditions necessary for the city to be subject to the Ministry of Finance initiative.
 4. If the financing amount or any part thereof is used for a purpose other than the purpose mentioned in this contract.
 5. If a judicial custodian, liquidator or employee with a similar position is appointed over any of the debtor's properties or assets (real estate, material or moral) or if a seizure or other enforcement procedure is taken on or against any of those assets or properties.
 6. If the legal form of the debtor is modified or changed, which has a material adverse effect on the debtor's ability according to the terms of this contract.
 7. If any lawsuit, arbitration or procedures are filed against the debtor that would result in a judgment/resolution against the debtor that would have a material adverse effect on the debtor's activity, assets, revenues or financial position or on his ability to perform his obligations stipulated in this contract.
 8. In the event that the debtor ceases to practice his activity or any substantial part of his business for any reason.
 - This contract is subject to Egyptian law and legislation, and the Cairo Economic Court has jurisdiction to consider all disputes arising from and/or related to this contract.
 - The contract also includes appendices to the short-term credit facilities contract that include pledges and obligations on the part of the subsidiary Company, the most important of which are:
 - Not to waive and/or borrow and/or obtain any credit facilities secured by any of the export invoices and/or supporting documents for the collection fee and/or export contracts and/or export supply matters - waived in favor of the bank - from and/or to any bank and/or financial institution and/or any other party.
 - The debtor shall not waive and/or mortgage his financial dues arising from the contracts and/or purchase orders and/or assignment orders and/or invoices financed under the financing contract in favor of any party other than the bank.

- Providing the bank with an original copy of the insurance document issued by one of the insurance companies accepted by the bank indicating insurance on fixed assets and/or inventory under the financing contract against all risks equivalent to (110%) of the total financing amount and assigned to the bank, provided that these documents include the risk of riots and civil labor strikes of no less than (25%) of the insurance amount in addition to the replacement value of the fixed assets.

9.7.6 Other Material Contracts Related to the Group's Activities

- The Group has entered into several contracts related to its operations, including maintenance, operation, and cleaning contracts, engineering consultancy service agreements, security contracts, supply and sales agreements, transportation and shipping agreements, as well as service agreements such as internet and software services and brand licensing. Additionally, the Group has signed a contract with law firms to benefit from legal services.
- The table below provides a summary of the material contracts, which represent approximately (1%) or more of the Group's revenue:

Table 100: Summary of Material Contracts Related to the Group's Activities

#	Contract Type	Contract Date	First Party	Second Party	Contract Subject	Contract Value	Contract Duration	Notes
The material contracts signed by the Saudi Industrial Development Company								
1	Binding Offer Agreement	15/03/1445H (corresponding to 30/09/2023G)	SAP Saudi Software Services Co. Limited	Saudi Industrial Development Company (SIDC)	SAP will provide SAP cloud services throughout the contract period, in accordance with the usage metrics and volume outlined in of the contract.	\$525,000 (equivalent to Saudi Riyals 1,971,040.05)	Three calendar years	Cloud services are subject to an annual fee increase of 3.3%, effective from December 31, 2023G.
Major Contracts signed by the Global Marketing Company for Sleeping System Limited								
1	Exclusive Sales Contract	25/04/1440H (corresponding to 01/01/2019G)	Global Marketing Company for Sleeping System Limited	International Advanced Trading Company (Limited Liability)	The second party shall consider the opinions, suggestions, and directives of the first party. The second party shall actively promote, distribute, and sell the products within the designated geographical scope. The second party shall not store the products in locations of lower quality than those approved by the first party. The second party shall maintain the reputation of the products and avoid any harm to it.	(2,000,000) Saudi Riyals	One calendar year ending on 31/12/2019G unless terminated earlier.	The first party has the right to return non-compliant products at its sole discretion.
2	Exclusive Sales Contract	25/04/1440H (corresponding to 01/01/2019G)	Global Marketing Company for Sleeping System Limited	International Advanced Trading Company (Limited Liability)		Minimum Annual Purchases (3,000,000) Saudi Riyals	One calendar year until 31/12/2019G unless terminated earlier.	The second party must notify the first party in writing of any non-compliance within five (5) days of receiving the product.
3	Exclusive Sales Contract	25/04/1440H (Corresponding to 01/01/2019G)	Global Marketing Company for Sleeping System Limited	Ibrahim Rashid Al-Dubyan Wholesale and Retail Trading Store.		Minimum Annual Purchases (3,000,000) Saudi Riyals	One calendar year until 31/12/2019G unless terminated earlier.	If the second party fails to notify within the specified period or if the first party receives the notice after the deadline, it shall be deemed as an acknowledgment by the second party that the product is in good condition and complies with specifications.
4	Exclusive Sales Contract	25/04/1440H (Corresponding to 01/01/2019G)	Global Marketing Company for Sleeping System Limited	Abdulaziz Ali Al-Munhib Al-Zahrani Furniture Establishment.		Minimum Annual Purchases (1,000,000) Saudi Riyals	One calendar year until 31/12/2019G unless terminated earlier.	The contract shall not be renewed or extended except with prior written consent from the first party.
5	Deferred Sales Agreement	--	International Wood Company Limited	Global Marketing Company for Sleeping System Limited	The first party places purchase orders, and the second party commits to paying for its purchases upon the due date.	(1,000,000) Saudi Riyals	The second party commits to settling the value of the goods sold on a deferred basis within 60 days from the date of the goods receipt voucher.	If the second party fails to pay the due amounts within the granted timeframe, the first party has the right to notify the second party of changes to the credit limit and the payment period via the email listed on page 6 of the agreement.

#	Contract Type	Contract Date	First Party	Second Party	Contract Subject	Contract Value	Contract Duration	Notes
Material Contracts signed by the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High) in the Arab Republic of Egypt								
1	Commission Sales Contract	26/05/1444H (corresponding to 20/12/2022G)	First Party	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Selling and promoting the second party's products through the first party's platform.	Commission 10% of the value of the product and/or item	One (1) year, ending on 06/06/1445H (corresponding 19/12/2023G)	The contract is automatically renewed for a similar period under the same conditions unless either party notifies the other in writing at least 30 days before the expiration of the original or renewed term, stating their desire not to renew. Both parties must exert maximum effort to maintain absolute confidentiality.
2	Commission Sales Contract	10/05/1444H (Corresponding to 04/12/2022G)	First Party	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Offer from Motion to Provide E-Commerce Services	According to the price list specified in the offer	One (1) year (start and end dates not specified)	

Source: The Company

9.8 Trademarks and Intellectual Property Rights Issue

9.8.1 Registered Trademarks in the Kingdom of Saudi Arabia

- The Company has a logo  that it used in its transactions, registered as a trademark at the Saudi Authority for Intellectual Property, under (3) categories, which are:
- Category (11), which is one of the trademark categories that specializes in lighting, heating, steam generation, cooking, cooling, drying, ventilation, water supply, and sanitary purposes and installation.

Category (16), which is one of the trademark categories specializing in paper, cardboard and products made from these materials and is not included in other categories, printed matter, bookbinding materials, photographs, stationery, adhesives used in stationery or for household purposes, artists' materials, paint or coloring brushes, typewriters and office supplies (except furniture), guidance and teaching materials (except devices), plastic packaging materials (not included in other categories), printing letters, playing cards, baby diapers made of paper and cellulose, trash bags.

Category (35) which is one of the trademark categories specializing in advertising and publicity services, business management and guidance services, and office activity activation.

- The Company's branch has another logo  that it uses in its commercial transactions and it has been registered as a trademark with the Saudi Authority for Intellectual Property under categories (11), (16) and (35).
- The subsidiary, Global Sleep Supplies Marketing Company Limited, also has logos that it used in its commercial transactions and they are registered as trademarks with the Saudi Authority for Intellectual Property (and the Ministry of Commerce previously before the authority to register trademarks was transferred to the Saudi Authority for Intellectual Property) under the categories:

(20), which is one of the trademark categories that specializes in furniture, mirrors, picture frames, products (not included in other categories) made of wood, cork, reed, bamboo, willow, horns, bones, ivory, whalebone, shells, amber, oysters, marsh, and alternative materials for all of these materials or plastic materials;

Category (24), which is one of the trademark categories that specializes in textiles and fabric products (not included in other categories), bed and table covers, fabrics, blankets and bedspreads;

Category (25) is one of the trademark categories that specialize in clothing, including shoes and headwear;

Category (35).

- As for the subsidiary Company, Emmdad Logistic Services Company, it has a logo that it uses in its commercial dealings and it is registered as a trademark with the Saudi Authority for Intellectual Property and it is registered under the following categories:

(12), which is one of the trademark categories that specialize in vehicles and land, air and water transportation devices.

(37), which is one of the trademark categories that specialize in establishing and repairing warehouses, renting construction equipment, installing, maintaining and repairing mechanical equipment, vehicle maintenance, and car maintenance and repair.

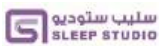
(39), which is one of the trademark categories that specializes in transportation services, packaging and storing goods, and organizing trips and travel.

- Registering the group's logos as trademarks will enable it to place them on its products and on the external facade of the building or offices and factories that it operates and, on its vehicles, as it has registered the trademark and granted it the necessary legal protection in accordance with the trademark Law.

– The table below shows details of the Company’s registered trademarks in the Kingdom:

Table 101: Registered Trademarks in the Kingdom of Saudi Arabia

Registration Number	Owner Name	Category	Registration Date	Protection Start Date	Protection End Date	Trademark	Registered Entity
TM-01-00-36008-24	SIDC Ceramic Factory “CASAVIA” - Branch of Saudi Industrial Development Company (SIDC)	11	25/09/1446H (corresponding to 25/03/2025G)	09/03/1446H (corresponding to 12/09/2024G)	09/03/1546H (corresponding to 27/05/2034G)		Saudi Authority for Intellectual Property
TM-01-00-36022-24	SIDC Ceramic Factory “CASAVIA” - Branch of Saudi Industrial Development Company (SIDC)	16	25/09/1446H (corresponding to 25/03/2025G)	09/03/1446H (corresponding to 12/09/2024G)	09/03/1546H (corresponding to 27/05/2034G)		Saudi Authority for Intellectual Property
TM-01-00-36027-24	SIDC Ceramic Factory “CASAVIA” - Branch of Saudi Industrial Development Company (SIDC)	35	25/09/1446H (corresponding to 25/03/2025G)	09/03/1446H (corresponding to 12/09/2024G)	09/03/1546H (corresponding to 27/05/2034G)		Saudi Authority for Intellectual Property
1444006329	SIDC Ceramic Factory “CASAVIA” - Branch of Saudi Industrial Development Company (SIDC)	11	04/05/1444H (corresponding to 28/11/2022G)	16/02/1444H (corresponding to 12/09/2022G)	15/02/1454H (Corresponding to 25/05/2032G)		Saudi Authority for Intellectual Property
1444010857	SIDC Ceramic Factory “CASAVIA” - Branch of Saudi Industrial Development Company (SIDC)	16	10/07/1444H (Corresponding to 01/02/2023G)	22/04/1444H (Corresponding to 18/10/2022G)	21/03/1454H (Corresponding to 29/06/2032G)		Saudi Authority for Intellectual Property
1444026081	SIDC Ceramic Factory “CASAVIA” - Branch of Saudi Industrial Development Company (SIDC)	35	09/11/1444H (Corresponding to 29/03/2023G)	18/07/1444H (Corresponding to 09/02/2023G)	17/07/1454H (Corresponding to 22/10/2023G)		Saudi Authority for Intellectual Property
140601161	Global Marketing Company for Sleeping System Limited	20	06/04/1407H (Corresponding to 08/12/1986G)	04/03/1446H (Corresponding to 07/09/2024G)	04/03/1456H (Corresponding to 22/05/2034G)		Saudi Authority for Intellectual Property
142300236	Global Marketing Company for Sleeping System Limited	24	17/08/1424H (Corresponding to 13/10/2003G)	13/01/1443G (Corresponding to 21/08/2021G)	12/01/1453H (Corresponding to 04/05/2031G)		Saudi Authority for Intellectual Property
142600774	Global Marketing Company for Sleeping System Limited	20	21/05/1427H (Corresponding to 17/06/2006G)	09/02/1446H (Corresponding to 13/08/2024G)	09/02/1456H (Corresponding to 28/04/2034G)		Saudi Authority for Intellectual Property
1437002230	Global Marketing Company for Sleeping System Limited	20	15/05/1437H (Corresponding to 24/02/2016G)	29/01/1437H (Corresponding to 11/11/2015G)	28/01/1447H (Corresponding to 23/07/2025G)		Ministry of Commerce
1437002231	Global Marketing Company for Sleeping System Limited	24	15/05/1437H (Corresponding to 24/02/2016G)	29/01/1437H (Corresponding to 11/11/2015G)	28/01/1447H (Corresponding to 23/07/2025G)		Ministry of Commerce
1437002232	Global Marketing Company for Sleeping System Limited	25	15/05/1437H (Corresponding to 24/02/2016G)	29/01/1437H (Corresponding to 11/11/2015G)	28/01/1447H (Corresponding to 23/07/2025G)		Ministry of Commerce

Registration Number	Owner Name	Category	Registration Date	Protection Start Date	Protection End Date	Trademark	Registered Entity
1444027808	Global Marketing Company for Sleeping System Limited	20	26/11/1444H (Corresponding to 15/06/2023G)	02/08/1444H (Corresponding to 22/02/2023G)	01/08/1454H (Corresponding to 05/11/2032G)		Saudi Authority for Intellectual Property
1444027809	Global Marketing Company for Sleeping System Limited	24	26/11/1444H (Corresponding to 15/06/2023G)	02/08/1444H (Corresponding to 22/02/2023G)	01/08/1454H (Corresponding to 05/11/2032G)		Saudi Authority for Intellectual Property
1444027810	Global Marketing Company for Sleeping System Limited	35	26/11/1444H (Corresponding to 15/06/2023G)	02/08/1444H (Corresponding to 22/02/2023G)	01/08/1454H (Corresponding to 05/11/2032G)		Saudi Authority for Intellectual Property
1435020806	Emmdad Logistic Services Company	12	06/04/1436H (Corresponding to 26/01/2015G)	15/11/1445H (Corresponding to 23/05/2024G)	15/11/1455H (Corresponding to 05/02/2034G)		Saudi Authority for Intellectual Property
1435020814	Emmdad Logistic Services Company	37	06/04/1436H (Corresponding to 26/01/2015G)	15/11/1445H (Corresponding to 23/05/2024G)	15/11/1455H (Corresponding to 05/02/2034G)		Saudi Authority for Intellectual Property
1435020811	Emmdad Logistic Services Company	39	06/04/1436H (Corresponding to 26/01/2015G)	15/11/1445H (Corresponding to 23/05/2024G)	15/11/1455H (Corresponding to 05/02/2034G)		Saudi Authority for Intellectual Property

Source: The Company

Other Intellectual Property Rights Issue:

- According to the financial statements for the financial year ending on 31 December, 2023G, the Company owns intangible assets, which consist of computer programs. Their net book value amounted to (70,969) Saudi Riyals.
- The Company is committed to registering its website (sid.com.sa) with the Saudi Network Information Center, where it has secured its protection and prevented its unauthorized use by third parties. This is supported by a certificate issued on 02/05/1446H (corresponding to 04/11/2024G) by DigitNet (dnet), a company licensed by the Saudi Network Information Center to register Saudi domain names.

9.8.2 Trademarks registered outside the Kingdom of Saudi Arabia

- The subsidiary Company, the Global Marketing Company for Sleeping System Limited, and the subsidiary Company, the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High), have (25) trademarks registered with the relevant authority in the Arab Republic of Egypt (Ministry of Supply and Internal Trade - General Administration of Trademarks, Designs and Industrial Models) under the categories (according to the Nice classification):
 - (16): Specializes in paper and products made from these materials that are not included in other categories, printed materials, bookbinding materials, pictures, stationery, adhesives for stationery or household purposes, artists' materials, paint, brushes, typewriters, office supplies (except furniture), educational and teaching materials (except devices), plastic materials for packaging (not included in other categories), printers and clichés.
 - (20): Specializes in furniture, mirrors, picture frames and goods (not included in other categories) made of wood, cork, reed, sugar cane, wicker, horn, bone, ivory, whalebone, shell, amber, mother-of-pearl, sea foam and alternatives to all of these materials or plastic.
 - (24): Specializes in textiles and textile goods that are not included in other categories that cover the bed.
 - (35): Specializes in advertising, business management and office functions.
- In addition to the trademarks registered in the Arab Republic of Egypt, the subsidiary Company, Global Marketing Company for Sleeping System Limited, has registered a number of trademarks in other countries outside the Kingdom of Saudi Arabia.
- The table below shows information related to trademarks registered outside the Kingdom of Saudi Arabia:

Table 102: Registered Trademarks in the Arab Republic of Egypt

#	License Number	Owning Company	Category	Filing Date	Start of protection date	End of protection date	Trademark	Registered Authority
Arab Republic of Egypt								
1	0297589	Global Marketing Company for Sleeping System Limited (Sleep High) – Limited Liability Company	16	19/03/1435H (Corresponding to 20/01/2014G)	22/02/1440H (Corresponding to 31/10/2018G)	29/10/1455H (Corresponding to 20/01/2034G)		Ministry of Supply and Internal Trade – General Administration of Trademarks, Designs, and Industrial Models – Arab Republic of Egypt
2	0516279	Global Marketing Company for Sleeping System Limited	21 – 24 – 35 – 39	01/02/1445H (Corresponding to 17/08/2023G)	12/04/1446H (Corresponding to 15/10/2024G)	01/08/1456H (Corresponding to 14/10/2034G)		Ministry of Supply and Internal Trade – General Administration of Trademarks, Designs, and Industrial Models – Arab Republic of Egypt
3	0327210	Global Marketing Company for Sleeping System Limited Liability Company	16	27/02/1437H (Corresponding to 09/12/2015G)	12/04/1444H (Corresponding to 06/11/2022G)	27/02/1437H (Corresponding to 09/12/2025G)		Ministry of Supply and Internal Trade – General Administration of Trademarks, Designs, and Industrial Models – Arab Republic of Egypt
4	0327211	Global Marketing Company for Sleeping System Limited Liability Company	20	27/02/1437H (Corresponding to 09/12/2015G)	28/12/1443H (Corresponding to 27/07/2022G)	27/02/1437H (Corresponding to 09/12/2025G)		Ministry of Supply and Internal Trade – General Administration of Trademarks, Designs, and Industrial Models – Arab Republic of Egypt
5	0327212	Global Marketing Company for Sleeping System Limited Liability Company	24	27/02/1437H (Corresponding to 09/12/2015G)	29/06/1445H (Corresponding to 11/01/2024G)	27/02/1437H (Corresponding to 09/12/2025G)		Ministry of Supply and Internal Trade – General Administration of Trademarks, Designs, and Industrial Models – Arab Republic of Egypt
6	0508366	Global Marketing Company for Sleeping System Limited	35	08/11/1444H (Corresponding to 28/05/2023G)	11/01/1446H (Corresponding to 17/07/2024G)	29/02/1455H (Corresponding to 28/05/2033G)		Ministry of Supply and Internal Trade – General Administration of Trademarks, Designs, and Industrial Models – Arab Republic of Egypt
7	0327214	Global Marketing Company for Sleeping System Limited Liability Company	16	27/02/1437H (Corresponding to 09/12/2015G)	25/09/1443H (Corresponding to 26/04/2022G)	27/02/1437H (Corresponding to 09/12/2025G)		Ministry of Supply and Internal Trade – General Administration of Trademarks, Designs, and Industrial Models – Arab Republic of Egypt
8	0309935	Global Marketing Company for Sleeping System Limited Liability Company	20	26/01/1436H (Corresponding to 19/11/2014G)	22/03/1438H (Corresponding to 21/12/2016G)	08/09/1456H (Corresponding to 19/11/2034G)		Ministry of Supply and Internal Trade – Trademark Administration – Arab Republic of Egypt
9	0309936	Global Marketing Company for Sleeping System Limited Liability Company	24	26/01/1436H (Corresponding to 19/11/2014G)	21/09/1440H (Corresponding to 26/05/2019G)	08/09/1456H (Corresponding to 19/11/2034G)		Ministry of Supply and Internal Trade – Trademark Administration – Arab Republic of Egypt
10	0309937	Global Marketing Company for Sleeping System Limited Liability Company	35	26/01/1436H (Corresponding to 19/11/2014G)	22/03/1438H (Corresponding to 21/12/2016G)	08/09/1456H (Corresponding to 19/11/2034G)		Ministry of Supply and Internal Trade – General Administration of Trademarks – Arab Republic of Egypt
11	0309950	Global Marketing Company for Sleeping System Limited Liability Company	16	26/01/1436H (Corresponding to 19/11/2014G)	14/02/1445H (Corresponding to 30/08/2023G)	08/09/1456H (Corresponding to 19/11/2034G)		Ministry of Supply and Internal Trade – Trademarks Administration – Arab Republic of Egypt
12	0309952	Global Marketing Company for Sleeping System Limited Liability Company	22	26/01/1436H (Corresponding to 19/11/2014G)	14/02/1445H (Corresponding to 30/08/2023G)	08/09/1456H (Corresponding to 19/11/2034G)		Ministry of Supply and Internal Trade – Trademarks Administration – Arab Republic of Egypt
13	0309954	Global Marketing Company for Sleeping System Limited Liability Company	35	26/01/1436H (Corresponding to 19/11/2014G)	14/02/1445H (Corresponding to 30/08/2023G)	08/09/1456H (Corresponding to 19/11/2034G)		Ministry of Supply and Internal Trade – General Administration of Trademarks, Designs, and Industrial Models – Arab Republic of Egypt

#	License Number	Owning Company	Category	Filing Date	Start of protection date	End of protection date	Trademark	Registered Authority
14	0309930	Global Marketing Company for Sleeping System Limited Liability Company	16	26/01/1436H (corresponding to 19/11/2014G)	12/10/1442H (corresponding to 24/05/2021G)	08/09/1456H (corresponding to 19/11/2034G)		Ministry of Supply and Internal Trade – Trademark Administration – Arab Republic of Egypt
15	0309931	Global Marketing Company for Sleeping System Limited Liability Company	20	26/01/1436H (corresponding to 19/11/2014G)	12/10/1442H (corresponding to 24/05/2021G)	08/09/1456H (corresponding to 19/11/2034G)		Ministry of Supply and Internal Trade – Trademark Administration – Arab Republic of Egypt
16	0309932	Global Marketing Company for Sleeping System Limited Liability Company	24	26/01/1436H (corresponding to 19/11/2014G)	07/11/1442H (corresponding to 17/06/2021G)	08/09/1456H (corresponding to 19/11/2034G)		Ministry of Supply and Internal Trade – Trademark Administration – Arab Republic of Egypt
17	0309933	Global Marketing Company for Sleeping System Limited Liability Company	35	26/01/1436H (corresponding to 19/11/2014G)	06/11/1442H (corresponding to 16/06/2021G)	08/09/1456H (corresponding to 19/11/2034G)		Ministry of Supply and Internal Trade – Trademarks Administration – Arab Republic of Egypt
18	0309946	Global Marketing Company for Sleeping System Limited Liability Company	16	26/01/1436H (corresponding to 19/11/2014G)	07/11/1442H (corresponding to 17/06/2021G)	08/09/1456H (corresponding to 19/11/2034G)		Ministry of Supply and Internal Trade – Trademarks Administration – Arab Republic of Egypt
19	0309947	Global Marketing Company for Sleeping System Limited Liability Company	20	26/01/1436H (corresponding to 19/11/2014G)	07/11/1442H (corresponding to 17/06/2021G)	08/09/1456H (corresponding to 19/11/2034G)		Ministry of Supply and Internal Trade – Trademarks Administration – Arab Republic of Egypt
20	0309948	Global Marketing Company for Sleeping System Limited Liability Company	24	26/01/1436H (corresponding to 19/11/2014G)	07/11/1442H (corresponding to 17/06/2021G)	08/09/1456H (corresponding to 19/11/2034G)		Ministry of Supply and Internal Trade – Trademarks Administration – Arab Republic of Egypt
21	0309949	Global Marketing Company for Sleeping System Limited Liability Company	35	26/01/1436H (corresponding to 19/11/2014G)	12/10/1444H (corresponding to 02/05/2023G)	08/09/1456H (corresponding to 19/11/2034G)		Ministry of Supply and Internal Trade – Trademarks Administration – Arab Republic of Egypt
22	0309942	Global Marketing Company for Sleeping System Limited Liability Company	16	26/01/1436H (corresponding to 19/11/2014G)	08/04/1445H (corresponding to 23/10/2023G)	08/09/1456H (corresponding to 19/11/2034G)		Ministry of Supply and Internal Trade – General Administration of Trademarks – Arab Republic of Egypt
23	0309944	Global Marketing Company for Sleeping System Limited Liability Company	24	26/01/1436H (corresponding to 19/11/2014G)	17/05/1446H (corresponding to 19/11/2024G)	08/09/1456H (corresponding to 19/11/2034G)		Ministry of Supply and Internal Trade – General Administration of Trademarks – Arab Republic of Egypt
Other Countries								
1	36256	Global Marketing Company for Sleeping System Limited Liability Company	20	--	14/01/1442H (Corresponding to 02/09/2020G)	02/05/1452H (Corresponding to 01/09/2030G)		African Intellectual Property Organization*
2	10503	Global Marketing Company for Sleeping System Limited Liability Company	20	21/11/1438H (Corresponding to 13/08/2017G)	09/08/1439H (Corresponding to 25/04/2018G)	30/11/1449H (Corresponding to 25/04/2028G)		Ministry of Economy and Trade – Republic of Yemen

#	License Number	Owning Company	Category	Filing Date	Start of protection date	End of protection date	Trademark	Registered Authority
3	110645	Global Marketing Company for Sleeping System Limited Liability Company	20	--	24/05/1441H (Corresponding to 19/01/2020G)	14/09/1451H (Corresponding to 18/01/2030G)		Ministry of Industry, Trade, and Supply – Hashemite Kingdom of Jordan
4	171282	Global Marketing Company for Sleeping System Limited Liability Company	20	24/02/1438H (Corresponding to 24/11/2016G)	--	08/08/1453H (Corresponding to 23/11/2031G)		Ministry of Economy and Trade – Republic of Lebanon
5	261089	Global Marketing Company for Sleeping System Limited Liability Company	20-24	05/07/1423H (Corresponding to 12/09/2002G)	04/11/1424H (Corresponding to 27/12/2003G)	24/09/1454H (Corresponding to 12/09/2032G)		Russia
6	55436	Global Marketing Company for Sleeping System Limited Liability Company	20	29/02/1429H (Corresponding to 07/03/2008G)	19/06/1439H (Corresponding to 07/03/2018G)	11/10/1449H (Corresponding to 07/03/2028G)		National Algerian Institute of Industrial Property – People's Democratic Republic of Algeria
7	11237	Global Marketing Company for Sleeping System Limited Liability Company	24	28/01/1426H (Corresponding to 09/03/2005G)	20/01/1429H (Corresponding to 29/01/2008G)	19/09/1447H (Corresponding to 08/03/2026G)		Ministry of National Economy – State of Palestine
8	23209	Global Marketing Company for Sleeping System Limited Liability Company	20	20/12/1438H (Corresponding to 11/09/2017G)	14/10/1439H (Corresponding to 28/06/2018G)	02/01/1447H (Corresponding to 27/06/2025G)		Ministry of National Economy – State of Palestine
9	32169	Global Marketing Company for Sleeping System Limited Liability Company	24	20/12/1438H (Corresponding to 11/09/2017G)	12/10/1439H (Corresponding to 26/06/2018G)	10/08/1460H (Corresponding to 10/09/2038G)		Ministry of National Economy – State of Palestine
10	32170	Global Marketing Company for Sleeping System Limited Liability Company	20	20/12/1438H (Corresponding to 11/09/2017G)	17/12/1439H (Corresponding to 28/08/2018G)	10/08/1460H (Corresponding to 10/09/2038G)		Ministry of National Economy – State of Palestine
11	120926	Global Marketing Company for Sleeping System Limited Liability Company	20	19/02/1439H (Corresponding to 08/11/2017G)	13/08/1439H (Corresponding to 29/04/2018G)	09/06/1449H (Corresponding to 08/11/2027G)		Ministry of Industry, Trade, and Tourism – Kingdom of Bahrain
12	120927	Global Marketing Company for Sleeping System Limited Liability Company	24	19/02/1439H (Corresponding to 08/11/2017G)	13/08/1439H (Corresponding to 29/04/2018G)	09/06/1449H (Corresponding to 08/11/2027G)		Ministry of Industry, Trade, and Tourism – Kingdom of Bahrain
13	198962	Global Marketing Company for Sleeping System Limited Liability Company	20	19/08/1440H (Corresponding to 24/04/2019G)	11/02/1439H (Corresponding to 31/10/2017G)	01/06/1449H (Corresponding to 31/10/2027G)		Ministry of Commerce and Industry – State of Kuwait
14	199006	Global Marketing Company for Sleeping System Limited Liability Company	24	19/08/1440H (Corresponding to 24/04/2019G)	11/02/1439H (Corresponding to 31/10/2017G)	01/06/1449H (Corresponding to 31/10/2027G)		Ministry of Commerce and Industry – State of Kuwait

#	License Number	Owning Company	Category	Filing Date	Start of protection date	End of protection date	Trademark	Registered Authority
15	26667843	Global Marketing Company for Sleeping System Limited Liability Company	20	--	(Corresponding to 21/10/2018G)	(Corresponding to 20/10/2028G)		State Intellectual Property Office – People's Republic of China
16	182530	Global Marketing Company for Sleeping System Limited Liability Company	20-24	10/03/1439H (Corresponding to 28/11/2017G)	10/03/1439H (Corresponding to 28/11/2017G)	23/08/1454H (Corresponding to 27/11/2032G)		Ministry of Economy and Trade – Republic of Lebanon
17	112780	Global Marketing Company for Sleeping System Limited Liability Company	20	23/12/1438H (Corresponding to 14/09/2017G)	25/04/1440H (Corresponding to 01/01/2019G)	12/04/1449H (Corresponding to 13/09/2027G)		Ministry of Commerce and Industry – Sultanate of Oman
18	112782	Global Marketing Company for Sleeping System Limited Liability Company	24	23/12/1438H (Corresponding to 14/09/2017G)	25/04/1440H (Corresponding to 01/01/2019G)	12/04/1449H (Corresponding to 13/09/2027G)		Ministry of Commerce and Industry – Sultanate of Oman
19	82013	Global Marketing Company for Sleeping System Limited Liability Company	20	17/02/1439H (Corresponding to 06/11/2017G)	21/02/1440H (Corresponding to 30/10/2018G)	07/06/1449H (Corresponding to 06/11/2027G)		Ministry of Industry and Trade – Republic of Yemen
20	82014	Global Marketing Company for Sleeping System Limited Liability Company	24	17/02/1439H (Corresponding to 06/11/2017G)	21/02/1440H (Corresponding to 30/10/2018G)	07/06/1449H (Corresponding to 06/11/2027G)		Ministry of Industry and Trade – Republic of Yemen
21	155766	Global Marketing Company for Sleeping System Limited Liability Company	20	27/04/1440H (Corresponding to 03/01/2019G)	15/12/1438H (Corresponding to 06/09/2017G)	04/04/1449H (Corresponding to 05/09/2027G)		Ministry of Industry, Trade, and Supply – Hashemite Kingdom of Jordan

Source: The Company

Includes 17 countries: Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Congo, Côte d'Ivoire, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Togo, and Comoros Islands.

9.9 Insurance

The Company has entered into several insurance agreements to mitigate certain risks and preserve its assets and property according to the table below:

Table 103: Summary of Insurance Policies

Insurance Com-pany	Type of Policy	Policyholder	Policy Number	Type of coverage	Starting date of the Policy	Ending date of the Policy	Value of the insured/ Maximum Compensation
Al Rajhi Takaful	Health Insurance	Saudi Industrial Development Company (SIDC)	1050006597	Providing healthcare coverage for the policyholder and beneficiaries	23/11/1446H (Corresponding to 21/05/2025G)	03/12/1447H (Corresponding to 20/05/2026G)	As per the benefits schedule
Al Rajhi Takaful	Health Insurance	SIDC Ceramic Factory “CASAVIA”, a branch of Saudi Industrial Development Company (SIDC)	1050006599	Providing healthcare coverage for the policyholder and beneficiaries	23/11/1446H (Corresponding to 21/05/2025G)	03/12/1447H (Corresponding to 20/05/2026G)	As per the benefits schedule
United Gulf Cooperative Insurance	Vehicle Insurance	Saudi Industrial Development Company (SIDC)* Global Marketing Company for Sleeping System Limited**	34798	All risks, including liability to third parties for bodily injuries and property damage resulting from any accident, provided that the driver holds a valid official driving license.	15/05/1446H (corresponding to 18/11/2024G)	24/05/1447H (corresponding to 17/11/2025G)	(10,000,000) Saudi Riyals
Al Rajhi Takaful	Health Insurance	Global Marketing Company for Sleeping System Limited	1050006592	Providing healthcare for the policyholder and beneficiaries	23/11/1446H (Corresponding to 21/05/2025G)	03/12/1447H (Corresponding to 20/05/2026G)	As per the benefits schedule
Al Rajhi Takaful	Health Insurance	Modern Mattresses and Beds Factory – Branch of Global Marketing Company for Sleeping System Limited	1050006600	Providing healthcare for the policyholder and beneficiaries	23/11/1446H (Corresponding to 21/05/2025G)	03/12/1447H (Corresponding to 20/05/2026G)	As per the benefits schedule
Al Rajhi Takaful	Health Insurance	Modern Foam Products Factory – Branch of Global Marketing Company for Sleeping System Limited	1050006598	Providing healthcare for the policyholder and beneficiaries	23/11/1446H (Corresponding to 21/05/2025G)	03/12/1447H (Corresponding to 20/05/2026G)	As per the benefits schedule
Al Rajhi Takaful	Health Insurance	Global Marketing Company for Sleeping System Limited	1050006602	Providing healthcare for the policyholder and beneficiaries	23/11/1446H (Corresponding to 21/05/2025G)	03/12/1447H (Corresponding to 20/05/2026G)	As per the benefits schedule
Al Rajhi Takaful	Health Insurance	Emmdad Logistic Services Company	1050006593	Providing healthcare for the policyholder and beneficiaries	23/11/1446H (Corresponding to 21/05/2025G)	03/12/1447H (Corresponding to 20/05/2026G)	As per the benefits schedule
Gulf Union Al Ahlia Cooperative Insurance Company	“Amana Plus” Commercial Vehicle Insurance***	Emmdad Logistic Services Company***	35009	Compensation for accidental loss or damage to any vehicle described in the policy schedule unless excluded	17/06/1446H (corresponding to 18/12/2024G)	26/06/1447H (corresponding to 17/12/2025G)	(10,000,000) Saudi Riyals

Insurance Company	Type of Policy	Policyholder	Policy Number	Type of coverage	Starting date of the Policy	Ending date of the Policy	Value of the insured/ Maximum Compensation
Gulf Union Al Ahlia Cooperative Insurance Company	Inland Transit Policy	Emmdad Logistic Services Company	P/500/300524/00756	Insurance of by land transit inside the Kingdom of Saudi Arabia	17/06/1446H (corresponding to 18/12/2024G)	26/06/1447H (corresponding to 17/12/2025G)	(340,000,000) Saudi Riyals
AXA Life Insurance – Egypt	Life and Private Medical Insurance for Employees****	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	2024/12204001/00	Employees of the subsidiary Company and their family members covered under the policy	22/09/1445H (corresponding to 01/04/2024G)	02/10/1446H (corresponding to 31/03/2025G)	Scope of benefits and services as specified in the policy, applicable exclusively for the insured individuals.
Tokyo Marine Egypt General Takaful	Vehicle Takaful Contract – Commercial	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	PL-200-10-1004-2024-85	Includes (3) specific vehicles listed in the policy schedule	24/05/1446H (Corresponding to 26/11/2024G)	04/06/1447H (Corresponding to 25/11/2025G)	(2,570,000) Egyptian Pounds
Tokyo Marine Egypt General Takaful	Vehicle Takaful Contract - Commercial	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	PL-200-10-1003-2024-22	Includes (11) specific vehicles listed in the policy schedule	24/05/1446H (corresponding to 26/11/2024G)	04/06/1447H (corresponding to 25/11/2025G)	(7,218,000) Egyptian Pounds
Egypt Insurance Company	All-Risks Insurance	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	FIRP003088025A	Insurance for the subsidiary Company's factories against all risks covered by the policy	24/08/1446H (corresponding to 23/02/2025G)	06/09/1447H (corresponding to 23/02/2026G)	(5,220,000) USD
Royal Insurance Company	Fire and Additional Risks Insurance	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	2/1/040/0023060	Equipment, decorations, computers, furniture, furnishings, office supplies, goods, third-party liability, and cash stored in a safe	18/12/1445H (corresponding to 24/06/2024G)	27/12/1446H (corresponding to 23/06/2025G)	(9,100,000) Egyptian Pounds

Source: The Company

* According to a report issued by the General Security Traffic Department, the Company has (10) vehicles, all of which have valid insurance, and the Company's branch has one vehicle with valid insurance as of 12/02/2024G.

** According to a report issued by the General Security Traffic Department, the subsidiary Company, the Global Marketing Company for Sleeping System Limited, has (18) vehicles, including (17) vehicles with valid insurance and (1) vehicle without insurance as of 12/02/2024G.

*** According to a report issued by the General Security Traffic Department, the subsidiary Company, Emmdad Logistic Services Company, has (91) vehicles, including (90) vehicles with valid insurance and (1) vehicle without insurance as of 08/29/2024G.

****The renewal is in process

- It is worth noting that as of the date of this prospectus, the Company has not signed any insurance policies against all risks or personal accidents for both its branch, SIDC Ceramic Factory “CASAVIA”, or its subsidiary, the Global Marketing Company for Sleeping System Limited. No insurance policy has been obtained to cover the risks that may affect their factories and assets.

9.10 Disputes and Litigations

9.10.1 Enforcement Cases

- As of the date of this prospectus, the Company and its subsidiaries are a party to a number of (32) existing execution requests in its capacity as the party requesting execution, with a total value of (21,050,093) Saudi Riyals, as shown in the summary below:

Table 104: Ongoing Implementation Cases

No.	Implementation Request Number	Date of Claim	Type of Claim	Claimant	Defendant	Claim Value (Saudi Riyals)	Court Handling the Request	Status
1	401024300155214	06/06/1443H (Corresponding to 09/01/2022G)	Financial	Saudi Industrial Development Company (SIDC)	Defendant 1	(33,081)	Madinah Execution Court	In Progress
2	41024300154953	06/06/1443H (Corresponding to 09/01/2022G)	Financial	Saudi Industrial Development Company (SIDC)	Defendant 2	29,870	Jeddah Enforcement Court	In Progress
3	3901242395	17/11/1439H (Corresponding to 30/07/2018G)	Financial	Saudi Industrial Development Company (SIDC)	Defendant 3	15,193,873	Execution Court in Jeddah	In progress (An amount of 12,300 Saudi Riyals has been paid towards the order)
4	401024400941463	27/05/1444H (Corresponding to 21/12/2022G)	Financial	SIDC Ceramic Factory "CASAVIA"	Defendant 4	243,838	Execution Court in Dammam	In Progress
5	4000880814	15/06/1444H (Corresponding to 20/02/2019G)	Financial	SIDC Ceramic Factory "CASAVIA"	Defendant 5	682,207	Execution Court in Jeddah	In Progress
Total						16,182,869 Saudi Riyals		
6	401024501245993	14/04/1445H (Corresponding to 29/10/2023G)	Financial	Global Marketing Company for Sleeping System Limited	Defendant 6	649,442	Execution Court in Jeddah	In Progress
7	401014401490688	29/12/1444H (Corresponding to 17/07/2023G)	Financial	Global Marketing Company for Sleeping System Limited	Defendant 7*	284,572	Execution Court in Jeddah	In progress (229,462 Saudi Riyals collected from the total claimed amount)
8	401014401490637	29/12/1444H (Corresponding to 17/07/2023G)	Financial	Global Marketing Company for Sleeping System Limited	Defendant 8*	284,572	Execution Court in Jeddah	
9	402034400771129	02/11/1444H (Corresponding to 22/05/2023G)	Financial	Global Marketing Company for Sleeping System Limited	Defendant 9	Not Applicable (Request Type: Vehicle Ownership Transfer).	Execution Court in Jeddah	In Progress
10	401014401304739	05/09/1444H (Corresponding to 27/03/2023G)	Financial	Global Marketing Company for Sleeping System Limited	Defendant 10**	444,160	Execution Court in Jeddah	In progress (Collected Amount 276,438 Saudi Riyals of the total value) claimed)
11	401014501568261	16/05/1446H (Corresponding to 18/11/2024G)	Financial	Global Marketing Company for Sleeping System Limited	Defendant 11**	500,000	Execution Court in Jeddah	In progress (Collected Amount 13.25 Saudi Riyals of the total value) claimed)
12	401014401089463	04/05/1444H (corresponding to 28/11/2022G)	Financial	Global Marketing Company for Sleeping System Limited	Defendant 12	119,000	Execution Court in Jeddah	In progress (Collected Amount 13.25 Saudi Riyals of the total value) claimed)

No.	Implementation Request Number	Date of Claim	Type of Claim	Claimant	Defendant	Claim Value (Saudi Riyals)	Court Handling the Request	Status
13	401024400833556	16/02/1444H (Corresponding to 12/09/2022G)	Financial	Global Marketing Company for Sleeping System Limited	Defendant 13	47,671	Execution Court in Makkah	In Progress (An amount of 2,759 Saudi Riyals has been collected from the total claimed value)
14	401024300205694	19/07/1443H (Corresponding to 20/02/2022G)	Financial	Global Marketing Company for Sleeping System Limited	Defendant 14	52,435	Execution Court in Jeddah	In Progress (An amount of 6,422 Saudi Riyals has been collected from the total claimed value)
15	401024300155318	06/06/1443H (Corresponding to 09/01/2022G)	Financial	Global Marketing Company for Sleeping System Limited	Defendant 15	77,735	Execution Court in Jeddah	In Progress (An amount of 14,343 Saudi Riyals has been collected from the total claimed value)
16	401024100000482	01/08/1441H (Corresponding to 25/03/2020G)	Financial	Global Marketing Company for Sleeping System Limited	Defendant 16	202,784	Execution Court in Jeddah	In Progress (An amount of 13,646 Saudi Riyals has been collected from the total claimed value)
17	4140324770	13/03/1441H (Corresponding to 10/11/2019G)	Financial	Global Marketing Company for Sleeping System Limited	Defendant 17	117,304	Execution Court in Jeddah	In Progress
18	350049010	08/07/1435H (Corresponding to 07/05/2014G)	Financial	Global Marketing Company for Sleeping System Limited	Defendant 18	618,861	Execution Court in Jeddah	In Progress (An amount of 31,081 Saudi Riyals has been collected from the total claimed value)
19	401014100015089	18/08/1441H (Corresponding to 11/04/2020G)	Financial	Modern Foam Products Factory, a branch of the Global Marketing Company for Sleeping System Limited	Defendant 19	77,567	Execution Court in Jeddah	In Progress
20	4140324854	13/03/1441H (Corresponding to 10/11/2019G)	Financial	Modern Foam Products Factory, a branch of the Global Marketing Company for Sleeping System Limited	Defendant 20	184,574	Execution Court in Jeddah	In Progress
21	4001006491	05/07/1440H (Corresponding to 12/03/2019G)	Financial	Modern Foam Products Factory, a branch of the Global Marketing Company for Sleeping System Limited	Defendant 21	291,901	Execution Court in Jeddah	In Progress (An amount of 2,626 Saudi Riyals has been collected from the total claimed value)
22	4000894988	15/06/1440H to (Corresponding 20/02/2019G)	Financial	Modern Foam Products Factory, a branch of the Global Marketing Company for Sleeping System Limited	Defendant 22	6,347	Execution Court in Jeddah	In Progress
23	4000878248	13/06/1440H to (Corresponding 18/02/2019G)	Financial	Modern Foam Products Factory, a branch of the Global Marketing Company for Sleeping System Limited	Defendant 23	44,777	Execution Court in Jeddah	In Progress
24	4000868966	12/06/1440H to (Corresponding 17/02/2019G)	Financial	Modern Foam Products Factory, a branch of the Global Marketing Company for Sleeping System Limited	Defendant 24	297,598	Execution Court in Jeddah	In Progress (An amount of 60,480 Saudi Riyals has been collected from the total claimed value)

No.	Implementation Request Number	Date of Claim	Type of Claim	Claimant	Defendant	Claim Value (Saudi Riyals)	Court Handling the Request	Status
25	4000179386	23/02/1440H to (Corresponding 01/11/2018G)	Financial	Modern Foam Products Factory, a branch of the Global Marketing Company for Sleeping System Limited	Defendant 24	271,007	Execution Court in Jeddah	In Progress
26	4000180090	19/02/1440H to (Corresponding 21/10/2018G)	Financial	Modern Foam Products Factory, a branch of the Global Marketing Company for Sleeping System Limited	Defendant 26	397,111	Execution Court in Jeddah	In Progress (An amount of 1,136 Saudi Riyals has been collected from the total claimed value)
27	4000178443	19/02/1440H to (Corresponding 21/10/2018G)	Financial	Modern Foam Products Factory, a branch of the Global Marketing Company for Sleeping System Limited	Defendant 27	500,000	Execution Court in Jeddah	In Progress
28	4000180518	19/02/1440H to (Corresponding 21/10/2018G)	Financial	Modern Foam Products Factory, a branch of the Global Marketing Company for Sleeping System Limited	Defendant 28	17,697	Execution Court in Jeddah	In Progress
29	3901002940	26/10/1439H (Corresponding to 10/07/2018G)	Financial	Modern Foam Products Factory, a branch of the Global Marketing Company for Sleeping System Limited	Defendant 29	57,301	Execution Court in Jeddah	In Progress (An amount of 567 Saudi Riyals has been collected from the total claimed value)
4,815,684 Saudi Riyals								
30	401014401232030	27/07/1444H (Corresponding to 18/02/2023G)	Financial	Emmdad Logistic Services Company	Defendant 30	16,640 Saudi Riyals	Execution Court in Jeddah	In Progress (An amount of 5,755 Saudi Riyals has been collected from the total claimed value)
31	401014401170720	20/06/1444H (Corresponding to 13/01/2023G)	Financial	Emmdad Logistic Services Company	Defendant 31	21,322.75 Saudi Riyals	Execution Court in Jeddah	In Progress
32	401014401161589	15/06/1444H (Corresponding to 08/01/2023G)	Financial	Emmdad Logistic Services Company	Defendant 32	13,577 Saudi Riyals	Execution Court in Jeddah	In Progress
Total						51,539.75 Saudi Riyals		

Source: The Company

* The case filed against Defendant 7 is a guarantee for the case filed against Defendant 8 for the payment of the outstanding debt.

** The case filed against Defendants 10 and 11 holds them jointly liable for the repayment of the debt.

9.10.2 Legal Cases

- The subsidiaries, the Global Marketing Company for Sleeping System Limited, and the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High), are involved in several lawsuits, as detailed in the table below:

Table 105: : Summary of Legal Cases

Case Number	Case Date	Case Type	Plaintiff	Defendant	Case Subject	Case Value	Court Hearing the Case	Status
Lawsuits filed against the subsidiary the Global Marketing Company for Sleeping System Limited and the subsidiary the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)								
569 for the year 11 Judicial	14/11/1440H (Corresponding to 17/07/2019G)	Civil Case	Plaintiff 1	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Removal and deletion of the trade name and trademark of the Company (Sleep High) from the commercial register, obligating it to pay compensation for damages, removal of advertisements from roads and buildings, and imposing a penalty.	Not Applicable	Economic Court	An appeal has been filed against the judgment by both parties and registered under No. 3252 for the year 91 at the Court of Cassation, and it is still under review.
3448 for the year 2020	01/04/1441H (Corresponding to 28/11/2019G)	Civil Case	Plaintiff 1	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Request for seizure against the defendant and compensation for the plaintiff	248,297 Saudi Riyals	Economic Court	A judgment was issued by the Court of Appeal rejecting the lawsuit.
223 for the year 12 Judicial	29/06/1442H (Corresponding to 11/02/2021G)	Civil Case	Plaintiff 1	The Global Marketing Company for Sleeping System Limited, the Head of the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Request to cancel the trademark due to bad faith and prior registration rights	Not Applicable	Economic Court	The case was dismissed, and the plaintiff filed an appeal before the Court of Cassation, registered under No. 3600 for the year 93, and it is still under review.
2081 for the year 2021	29/02/1443 H (Corresponding to 06/10/2021G)	Labor Case	Plaintiff 2	The Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Request for reinstatement to work	Not Applicable	South Giza Court	The case was dismissed, and an appeal was filed but rejected by the Court of Appeal, upholding the first-instance court's ruling. The plaintiff then filed a cassation appeal under No. 6200 for the year 93, which is still under review.
72 for the year 2022	06/04/1444H (Corresponding to 31/10/2022G)	Labor Case	Plaintiff 3	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Claim for compensation for unfair dismissal, salary payment, and two months' leave balance as a notice period allowance	1,432 Saudi Riyals	South Giza Court	A judgment was issued by the Court of Appeal obligating the subsidiary to pay an amount of (5,755)Saudi Riyals.
Total							249,729 Saudi Riyals	
Lawsuits filed by the subsidiary the Global Marketing Company for Sleeping System Limited and the subsidiary the Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)								
16791 for the year 78 Judicial	24/01/1446H (Corresponding to 30/07/2024G)	Administrative Litigation	Global Marketing Company for Sleeping System Limited	Defendant 1	Request to cancel the administrative resolution rejecting the registration of trademark No. 297591 under Class 24	Not Applicable	State Council (Egypt)	A final judgment was issued rejecting the appeal.
8018 for the year 78 Judicial	29/02/1446H (Corresponding to 02/09/2024G)	Administrative Litigation	Global Marketing Company for Sleeping System Limited	Defendant 2	Request to cancel the registration of trademark No. 437590, registered under Classes 20 and 21, in the name of The Arabian Spring & Foam Mattresses Mfg. Company Ltd. , bearing the "Sleep High" logo	Not Applicable	State Council (Egypt)	Still Under Review

Case Number	Case Date	Case Type	Plaintiff	Defendant	Case Subject	Case Value	Court Hearing the Case	Status
4670504849	03/05/1446H (Corresponding to 05/11/2024G)	Financial Claim	Global Marketing Company for Sleeping System Limited	Defendant 3	Financial Claim	569,819 Saudi Riyals	General Court	The first instance court issued a ruling to dismiss the case. The ruling was appealed and the Court of Appeal upheld the first instance ruling.
38178 for the year 75 Judicial	07/08/1442H (Corresponding to 20/03/2021G)	Administrative Litigation	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 4	Request to suspend the enforcement of a resolution registering a third party in the commercial register and to remove and delete the registration.	Not Applicable	State Council (Egypt)	The court ruled that the case could not be reconsidered due to a prior judgment. An appeal was filed before the Supreme Administrative Court and registered under Case No. 28398 for the year 90Q. The appeal was dismissed.
384 for the year 2020	02/08/1441H (Corresponding to 26/03/2020G)	Labor Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 5	Request to prohibit the defendants from engaging in unfair competition by preventing them from working for Al Arabi Factory, imposing a penalty, and obligating them to pay compensation as determined by the court.	Not Applicable	South Giza Court	The case was dismissed, and an appeal was filed but rejected by the Court of Appeal, affirming the first-instance ruling. The defendant then filed a cassation appeal before the Court of Cassation under Case No. 1313 for the year 93, which is still under review.
6339 for the year 2024	Year 2024G	Civil Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 6	Request to oblige the bank to pay seven (7) letters of credit along with legal interest	1,008,307 Saudi Riyals and legal benefits	Economic Court	Still Under Review
1958 for the year 2023	12/01/1443H (Corresponding to 30/07/2023G)	Civil Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 7	Obligation for the defendant to pay outstanding debt and promissory notes	20,691 Saudi Riyals	Banha Primary Court	The court ruled in favor of the plaintiff, obligating the defendant to pay the claimed amount. The defendant filed an appeal under Case No. 13 for the year 57Q, but the court rejected the appeal and upheld the first-instance ruling. Judgment enforcement is in progress.
322 for the year 2024G	21/06/1445H (Corresponding to 03/01/2024G)	Civil Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 8	Obligation for the defendant to pay outstanding debt and promissory notes	24,829 Saudi Riyals	Minya Primary Court	The court ruled in favor of the plaintiff, obligating the defendant to pay the claimed amount. The defendant filed an appeal under Case No. 2567 for the year 76Q, but the court rejected the appeal and upheld the first-instance ruling.

Case Number	Case Date	Case Type	Plaintiff	Defendant	Case Subject	Case Value	Court Hearing the Case	Status
323 for the year 2024G	21/06/1445H (Corresponding to 03/01/2024G)	Civil Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 9	Obligation for the defendant to pay outstanding debt and promissory notes	12,415 Saudi Riyals	Minya Primary Court	The court ruled in favor of the plaintiff, obligating the defendant to pay the claimed amount. The defendant filed an appeal under Case No. 2591 for the year 76Q, and the court annulled the ruling and referred the case back to the first-instance court.
250 for the year 2024G	16/01/1446H (Corresponding to 22/07/2024G)	Civil Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 10	Obligation for the defendant to pay outstanding debt	8,276 Saudi Riyals	Partial Court of Bandar Imbaba	A ruling was issued obligating the defendant to pay the claimed amount.
14864 for the year 2020G	Not specified	Misdemeanor Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 11	Imposition of a penalty on the defendant for misappropriating the value of a security receipt in favor of the plaintiff	20,691 Saudi Riyals	Rashid Court	The court ruled to acquit the defendant and issued a warning for payment. The case is still under review.
14865 for the year 2020G	Not specified	Misdemeanor Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 11	Imposition of a penalty on the defendant for misappropriating the value of a security receipt in favor of the plaintiff	20,691 Saudi Riyals	Rashid Court	The court ruled to acquit the defendant and issued a warning for payment. The case is still under review.
50116 for the year 2020G	16/04/1442H (corresponding to 01/12/2020G)	Misdemeanor Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 12	Imposition of a penalty on the defendant for issuing a bad check to the plaintiff	8,276 Saudi Riyals	Mahalla Al-Kubra Center Court	A ruling was issued against the defendant, who filed an appeal under Case No. 1039/2021. The court upheld the sentence, and the imprisonment ruling is currently being executed.
50117 for the year 2020G	30/04/1442H (corresponding to 15/12/2020G)	Misdemeanor Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 12	Imposition of a penalty on the defendant for issuing a bad check to the plaintiff	8,276 Saudi Riyals	Mahalla Al-Kubra Center Court	A ruling was issued against the defendant, who filed an appeal under Case No. 11948/2021. The court upheld the sentence, and the imprisonment ruling is currently being executed.
50118 for the year 2020G	30/04/1442H (corresponding to 15/12/2020G)	Misdemeanor Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 12	Imposition of a penalty on the defendant for issuing a bad check to the plaintiff	11,008 Saudi Riyals	Mahalla Al-Kubra Center Court	A ruling was issued against the defendant, who filed an appeal under Case No. 11954/2021. The court upheld the sentence, and the imprisonment ruling is currently being executed.
54386 for the year 2020G	08/07/1442H (corresponding to 20/02/2021G)	Misdemeanor Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 12	Imposition of a penalty on the defendant for issuing a bad check to the plaintiff	16,553 Saudi Riyals	Mahalla Al-Kubra Center Court	A ruling was issued against the defendant, who filed an appeal under Case No. 12785/2021. The court upheld the sentence, and the imprisonment ruling is currently being executed.

Case Number	Case Date	Case Type	Plaintiff	Defendant	Case Subject	Case Value	Court Hearing the Case	Status
54387 for the year 2020G	13/06/1442H (corresponding to 26/01/2021G)	Misdemeanor Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 12	Imposition of a penalty on the defendant for issuing a bad check to the plaintiff	1,275 Saudi Riyals	Mahalla Al-Kubra Center Court	A ruling was issued against the defendant, who filed an appeal under Case No. 1933/2021. The court upheld the sentence, and the imprisonment ruling is currently being executed
54388 for the year 2020	13/06/1442H (corresponding to 26/01/2021G)	Misdemeanor Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 12	Imposition of a penalty on the defendant for issuing a bad check to the plaintiff	9,518 Saudi Riyals	Mahalla Al-Kubra Center Court	A ruling was issued against the defendant, who filed an appeal under Case No. 11947/2021. The court upheld the sentence, and the imprisonment ruling is currently being executed.
34434 for the year 2020G	Not specified	Misdemeanor Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 13	Imposition of a penalty on the defendant for issuing a bad check to the plaintiff	4,966 Saudi Riyals	Bulaq Al-Dakroun Court	A ruling was issued against the defendant, who filed an appeal under Case No. 16172/2022. The court upheld the previous ruling, and the police department is currently executing the judgment.
2362 for the year 2021	17/07/1442H (corresponding to 01/03/2021G)	Misdemeanor Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 13	Imposition of a penalty on the defendant for issuing a bad check to the plaintiff	4,966 Saudi Riyals	Bulaq Al-Dakroun Court	A ruling was issued against the defendant, who filed an appeal under Case No. 16174/2022. The court upheld the previous ruling, and the police department is currently executing the judgment.
2388 for the year 2021	08/1442H (corresponding to 30/03/2021G)	Misdemeanor Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 13	Imposition of a penalty on the defendant for issuing a bad check to the plaintiff	5,439 Saudi Riyals	Bulaq Al-Dakroun Court	A ruling was issued against the defendant, who filed an appeal under Case No. 16175/2022. The court upheld the previous ruling, and the police department is currently executing the judgment.
8619 for the year 2021	14/11/1442H (corresponding to 24/06/2021G)	Misdemeanor Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 14	Imposition of a penalty on the defendant for issuing a bad check to the plaintiff	16,553 Saudi Riyals	Basateen Court	A ruling of acquittal was issued for the defendant due to the failure to present the original check. Work is underway to file an Order for Payment lawsuit against the defendant.
19016 for the year 2022	18/01/1444H (corresponding to 16/08/2022G)	Misdemeanor Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 15	Imposition of a penalty on the defendant for issuing a bad check to the plaintiff	413,828 Saudi Riyals	Shubra El-Kheima First District Court	A ruling was issued against the defendant, and the accused is currently being apprehended.
17692 for the year 2023G	08/02/1445H (corresponding to 24/08/2023G)	Misdemeanor Case	Arabian Spring & Foam Mattresses Mfg. Company Ltd. (Sleep High)	Defendant 16	Claim to obligate the defendant to pay a debt amount	24,830 Saudi Riyals	Kafr El-Burullus District Court	A ruling was issued against the defendant, and no objection was filed.
Total						2,211,210 Saudi Riyals		

Source: The Company

9.11 Material Information that changed Since CMA's Approval on the Last Prospectus

- The Company has never obtained approval from the Capital Market Authority to publish any prospectus, as its shares were initially listed on the main market on 08/10/1413H (corresponding to 02/02/1993G) after obtaining the approval of both the Ministry of Commerce and the Saudi Arabian Monetary Agency (currently the Saudi Central Bank), and this was prior to the establishment of the automated trading system in 2001 as an alternative to the Electronic Securities Information System (ESIS) that operated under the supervision of the Saudi Arabian Monetary Agency.
- Following its listing, the Company has not issued any prospectus.

9.12 Declarations related to legal information.

In addition to other declarations referred to in this Prospectus, the Board of Directors declares the following

1. The issuance does not constitute a breach of the relevant laws and regulations in Saudi Arabia.
2. The issuance does not constitute a breach of any contract/agreement entered into by the Issuer.
3. All material legal issues concerning the Issuer have been disclosed in the Prospectus.
4. Other than what has been mentioned in pages (219) and (220) of this Prospectus, the issuer and its subsidiaries are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Company or its financial position.
5. The Board members of Directors of the issuer are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Issuer and its subsidiaries or their financial position.

10. Underwriting

The Company has entered into an Underwriting Agreement with Alinma Capital Company, the subscription of sixteen million five hundred thousand (16,500,000) ordinary shares at a price of ten (10) Saudi Riyals per share, with a total value of one hundred and sixty-five million (165,000,000) Saudi Riyals, representing (100%) of the Rights Issue offered for subscription ("Underwriting Agreement").

10.1 Underwriter

Underwriter

Alinma Capital Company

King Fahd Road, Al Anoud Tower (2),

P.O. Box 55560 - Riyadh 11544

Kingdom of Saudi Arabia

Phone: +966 (11) 2547666

Fax: +966 (11) 2185970

Website: info@alinmacapital.com

E-mail: www.alinmacapital.com

الإنماء المالية
 alinma capital



10.2 Summary of the Underwriting Agreement

In accordance with the terms and conditions of the Underwriting Agreement:

- The Company undertakes to the Underwriter that on the allocation date, it will issue and allocate to the Underwriter all Rights Shares committed to be covered in this subscription, that have not been subscribed to by Eligible Persons, at the Offer Price.
- The underwriter undertakes to the Company that on the allocation date, it will purchase the Rights Issue Shares committed to be covered in this subscription, that have not been subscribed to by Eligible Persons, at the Offer Price.
- The Underwriter shall, on account of underwriting, receive a specified amount of money to be paid from the Offer Proceeds.
- The commitment of the Underwriter to subscribe to Rump Shares is subject to the termination provisions as stipulated in the agreement such as the occurrence of a force majeure event as defined in the agreement and satisfaction of the precedent conditions in line with the agreement.
- The Company shall provide specific warranties, covenants and undertakings to the Underwriter.

11. Waivers

The Company has not obtained any waivers from the CMA in relation to this Offering.

12. Information Related to the Shares and Offering Terms and Conditions

The Company has submitted an application to the Capital Market Authority (“CMA”) for the registration and offering of New Shares, and to the Saudi Stock Exchange (“Tadawul”) for listing The New Shares. All requirements have been fulfilled in accordance with and listing rules with the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.

All Eligible Persons (i.e., Registered Shareholders and holders of acquired Rights) and Institutional Investors applicant) must carefully read the terms and instructions of the subscription before electronic subscription or submission through a broker or filling out the Rump Offering application form. The submission of the Subscription Application or the signing and submitting the Rump Offering Subscription application form constitutes acceptance and agreement to the mentioned terms and conditions.

12.1 The Offering

Pursuant to this Prospectus, sixteen million five hundred thousand (16,500,000) new ordinary shares will be offered – through the issuance of Rights Issue – with a nominal value of ten (10) Saudi Riyals per share and an offering price of ten (10) Saudi Riyals per share, with a total offering value of one hundred and sixty-five million (165,000,000) Saudi Riyals, representing approximately (122.22%) of the Company’s capital before the capital increase, in order to increase the Company’s capital from one hundred and thirty-five million (135,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals.

12.2 How to Submit a Subscription Application for Rights Issue Shares (New Shares)

Registered shareholders wishing to subscribe to Rights Issue must submit a subscription application during the subscription period through the investment portfolio on the trading platforms through which buy and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the broker and the custodian of the shares in the Kingdom during the subscription period. The data of the eligible person must be updated, and no changes have occurred to the data or information of the eligible person since his subscription in a recent offering, unless these amendments have been communicated to the broker and approved by him. In the event that there is a remaining offering period, subscription applications for any remaining shares may also be submitted during it by investment institutions only.

By participating in the subscription, the subscriber acknowledges the following:

- Agrees to subscribe to the Company’s share in the number of shares specified in the Subscription Application Form.
- Declares that he/she has read the Prospectus and understood all of its content.
- Accept the Company’s Bylaws and the terms outlined in this Prospectus.
- Declares that he did not previously apply for subscription to the same shares for this offering through the broker, and the Company reserves the right to reject all applications in the event of a repeat of subscription application.
- Accepts of the number of shares allocated thereto and all other subscription instructions and terms mentioned in the Subscription Application Form and in this Prospectus;
- Warrants not to cancel or amend the Subscription Application Form after submitting it to the broker.

Registered shareholders will be able to trade the Rights Issue deposit in their portfolios via Tadawul. These rights are considered acquired rights for all registered Shareholders in the Company’s Shareholders Register at the Depository Center at the end of the second Trading Day following the extraordinary general meeting with respect to the capital increase (“the **Eligibility Date**”). Each Right gives its holder the right to subscribe to one new share at the Offer Price. Rights Issue Shares will be deposited no more than two Business Days after the extraordinary general meeting. The Rights will appear in the Registered Shareholders’ portfolios under a new symbol specific to the Rights Issue, and Registered Shareholders will be notified of the deposit of the Rights in their portfolios.

12.3 Subscription Application

An Eligible person who wishes to exercise their full right and subscribe to all New Shares must submit a complete Subscription Application through their investment portfolio on trading platforms used for buying and selling orders or through any other means provided by the broker and Shares Custodian. The data of the Eligible Person must be updated, and no changes should occur since he subscribed to a recent offering, unless these modifications have been communicated to and approved by the broker.

The number of Shares held by the Eligible Person is calculated based the Rights held by him. The subscription amount payable by the subscriber is calculated by multiplying the Rights owned prior to closing the Subscription Period by ten (10) Saudi Riyals

12.4 Trading Period, Offering Period and Rump Offering Period

Eligible Persons who wish to subscribe to the Rights Issue must submit their Subscription Application during the Subscription Period, which begins three (3) Business Days after the extraordinary general meeting's approval on the capital increase, ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) and ends on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) during the period from (10:00) a.m. to (2:00) p.m. Similarly, Eligible Person who wish to trade in Rights Issue must submit their Subscription Application s during the trading period, which begins on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) and ends on */**/****H (corresponding to ●●/●●/●●●●G) during the period from ten o'clock (10:00) a.m. to three o'clock (3:00) p.m.

Pursuant to this prospectus, sixteen million five hundred thousand (16,500,000) ordinary shares will be offered for subscription through the issuance of Rights Shares, which represent approximately (122.22%) of the Company's capital before the subscription, at an offering price of ten (10) Saudi Riyals per share, with a nominal value of ten (10) Saudi Riyals per share, and a total offering value of one hundred and sixty-five million (165,000,000) Saudi Riyals. The new shares will be issued at a ratio of one share for each Right Shares. The subscription to the Rights Shares offered to shareholders registered in the Company's shareholders' register will be at the end of the second trading day following the convening of the extraordinary general assembly including approval to increase the capital from one hundred and thirty-five million (135,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals by issuing Rights Shares on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G), and to those entitled to purchase Rights during the Rights trading period, including registered shareholders who purchased additional Rights in addition to the rights they already own.

In the event that the preemptive Rights of the eligible persons are not exercised by the end of the subscription period, the remaining shares (resulting from the failure to exercise those rights or their sale by the eligible persons) will be offered to investment institutions through offering them during the remaining offering period. Registered shareholders may trade in the Right deposit in their portfolios through the Saudi Stock Exchange ("Tadawul"). These Rights are considered acquired Rights for all shareholders registered in the Company's records at the end of the second Trading Day following the extraordinary general assembly approving the capital increase. Each right entitles its holder to subscribe for one New Share at the Offer Price. The Rights will be deposited after the EGA. The Rights will appear in the portfolios of Registered Shareholders under a new symbol for Rights Issue, and shareholders will be notified of the deposit in their portfolios.

Rights shares will be offered according to the phases and dates set out below:

- **Eligibility Date:** Close of trading on the day of the EGA Meeting dated ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G).
- **Trading Period and Offering Period:** The Trading Period and Offering Period start in three (3) working days after the approval of the Extraordinary General Assembly including approval of the capital increase in ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G), and the Trading Period will end on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G), while the Offering Period will continue until the end of ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G). It should be noted that trading hours for Rights Issue start from (10:00) in the morning until three (3:00) in the evening, while subscription hours for Rights Issue start from (10:00) am until (2:00) pm.
- **Rump Offering Period:** The period will start at (10:00) am on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) until the following day at (5:00) pm on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G). During this period, Rump Shares will be offered to several Institutional Investors (referred to as "Investment Institutions"). These Investment Institutions shall make offers to buy the Rump Shares during the Rump Offering Period. The Rump Shares will be allocated to the Investment Institutions in order of priority based on the price per Share offered (provided that it is not less than the Offer Price) with shares being allocated on a proportional bases among those Institutional Investors that tendered offers at the same price. Fractional Shares will be added to the Rump Shares and treated in the same manner. In the event that the price of the unsubscribed shares is higher than the offer price, the difference (if any) shall be distributed as compensation to holders of Rights Issuer who did not subscribe for their Rights in proportion to the Rights they own.
- **Final Allocation of Shares:** Shares will be allocated to each investor based on the number of Rights properly and fully exercised thereby. As for Shareholders entitled to fractional Shares, these shall be accumulated and offered to Institutional Investors during the Rump Offering. The total remaining Offer Price will be paid to the Company, and the remaining proceeds from the sale of the Rump Shares and fractional shares (above the Offer Price) shall be paid to the Eligible Persons, each according to what he deserves, no later than ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G).
- **Trading of New Shares on the Exchange:** Trading in the New Shares will start on Tadawul upon the completion of all procedures relating to the registration, allocation and listing of the New Shares. The period between the end of subscription for New Shares and the deposit of shares in the Shareholders' portfolios will be (9) working days.

12.5 Eligible Persons Non-participating in the New Shares Subscription

Registered shareholders who do not participate fully or partially in the Subscription of New Shares may experience a loss and a decrease in their ownership percentage in the Company, in addition to a decrease in the value of their currently held shares. However, Registered Shareholders who do not exercise their subscription rights will retain the same number of shares they owned prior to the capital increase.

Eligible persons who are not participating in the subscription to the new shares will not receive any benefits or advantages in return for the Rights Issue due to them, except for receiving cash compensation from the proceeds of selling the shares in the remaining offering, each according to his dues. It is worth noting here that if the investment institutions have applied to purchase the remaining shares at the offering price only, or if these investment institutions have not subscribed to the remaining offering and therefore the underwriter has purchased the remaining shares at the offering price, then the eligible persons who are not participating in the subscription will not receive any compensation in return for the Rights in the New Shares that they have not exercised.

In the event that the remaining shares are sold to investment institutions at a price higher than the offering price, the compensation amount will be determined for eligible persons who did not participate in the subscription to the New Shares in whole or in part according to the following equation:

$$\text{Amount of the compensation for each remaining share} = \frac{\text{Total Proceeds of Rump Offering} - \text{Total Price of Rump Offering}}{\text{Number of Unsubscribed Shares}}$$

12.6 Allocation

The Company and the Lead Manager will escrow account where the subscription proceeds will be deposited. The Rights will be allocated to Eligible persons based on the number of Rights exercised in full and correctly. As for fractional share owners, these shall be collected and offered to Institutional Investors during the Rump Offering Period. The total proceeds of the Offer Price of the Rump Shares shall be paid to the Company, and the remaining proceeds from the sale of the Rump Shares and fractional shares (if any) (exceeding the Offer Price) will be paid to Eligible Person no later than ●●/●●/●●●● H (corresponding to ●●/●●/●●●● G). It is important to note that investors who did not subscribe or sell their Rights, as well as fractional share owners, may not receive any compensation if the sale occurs during the Rump Offering Period at the Offer Price. If there are remaining shares after that, the underwriter will purchase those Rump Shares. The allocation will be made available to him at the offering price of ten (10) Saudi Riyals per share. There will be no compensations for investors who did not subscribe or sell their Rights, and for shareholders with fractional shares during the Rump Offering Period.

Final notice for the number of Shares allocated to each Eligible Person is expected to take place by depositing the shares into the accounts of Subscribers without any charges or withholdings by the Lead Manager. Eligible Persons shall contact the branch of the Broker where they have submitted the Subscription Application Form to obtain any further information. The announcement regarding the allocation shall be made no later than ●●/●●/●●●● H (corresponding to ●●/●●/●●●● G).

12.7 Compensation Payment and Surplus Refund

The compensation amount and the surplus will be refunded (if any) will be paid to eligible persons who have not participated in whole or in part in the subscription to the Rights Issue Shares without any deductions, no later than ●●/●●/●●●● H (corresponding to ●●/●●/●●●● G). The amounts will be deposited in the bank accounts linked to the portfolios of eligible persons who have not exercised their right to subscribe to the new shares and those entitled to fractions.

12.8 Supplementary Prospectus

In accordance with the requirements of Article (29) of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus to the Capital Market Authority. If the Company becomes aware at any time after the date of publication of this Prospectus and before the completion of the offering that:

- There is a significant change in fundamental matters in this prospectus; or
- The occurrence of important matters that should have been included in this prospectus.

An investor who subscribed to the New Shares before the publication of the supplementary offering prospectus may cancel or amend his subscription to these shares before the end of the Offering Period.

12.9 Suspension or Cancellation of the Offering

The Capital Market Authority may at any time issue a decision to suspend the offering if it deems that the offering may result in a breach of the Capital Market Law, its Implementing regulations, or market rules. It is also possible for the offering to be canceled if the extraordinary general assembly does not approve any of the offering details.

12.10 Restrictions on Trading in Rights Issue

With exception of the regulatory restrictions imposed on publicly listed shares, there are no restrictions imposed on trading the Rights.

12.11 Questions and Answers about the Rights Issue

What is the Rights Issue?

Rights Issue are tradable securities that give their holder the right to subscribe to the New Shares offered, upon approval of the capital increase. This right is granted to all shareholders holding shares in the Company's on the day of the Extraordinary General Assembly that approves the capital increase, and who are registered in the Company's shareholders' register with the Securities Depository Center (Edaa) by the end of the second trading day following the Extraordinary General Assembly. Each Right grants its holder the eligibility to subscribe to one New Share at the Offer Price.

Who is granted the Rights?

All shareholders registered in the Company's register at the Security Depository Center at the end of the second trading day following the Extraordinary General Assembly's meeting approving the capital increase, this is referred to as Eligibility Date.

When are the Rights deposited?

After the Extraordinary General Assembly convenes and upon its approval on the capital increase through the offering of Right Issue Shares, the Rights are deposited as securities in the shareholders' portfolios in the Company's shareholders' register at the Depository Center at the end of the second trading day after the Extraordinary General Assembly's meeting; and the rights will appear in their portfolios under a new symbol dedicated to the rights.. These rights will only be traded or subscribed for at the beginning of the Trading and Subscription Periods.

How are shareholders notified of the Rights being deposited in their portfolios?

The notification is made through announcement on the Tadawul website, as well as through the (Tadawulaty) service provided by the Securities Depository Center Company (Edaa), and short text messages (SMS) are also sent through brokerage companies.

How many Rights Issue can be acquired by a Registered Shareholder?

The number depends on the shareholder's ownership percentage in the Company's capital as per the shareholders' register at the Securities Depository Center Company (Edaa) at the end of the second trading day following the Extraordinary General Assembly's meeting.

What is the Subscription Eligibility Ratio?

It is the coefficient that helps shareholders determine how many rights they are entitled to based on their current shareholding according to the Company's shareholders' register at the Depository Center at the end of the second trading day after the Extraordinary General Assembly. This coefficient is calculated by dividing the number of new shares by the number of current shares of the Company. Accordingly, the entitlement coefficient is approximately (1.222) rights for each (1) share owned by the registered shareholder on the date of entitlement. Therefore, if a registered shareholder owns (1,000) shares on the entitlement date, he will be allocated (1,222) rights.

Will the name and trading symbol of the Rights vary from the name and symbol of the Company's shares?

Yes, the acquired Rights will be deposited in the investors' portfolios under the original name, adding the Rights Issue term as well as a new symbol for these rights.

What is the value of the Rights at the beginning of trading?

The opening price of the Right will be the difference between the closing price of the Company's share on the day prior to the inclusion of the Rights and the Offer Price (the indicative value of the Right). For example, if the closing price of a share on the previous day is fifteen (15) Saudi Riyals and the Offer Price is ten (10) Saudi Riyals, the opening price of the Rights upon the commencement of trading will be five (5) Saudi Riyals.

Who is a Registered Shareholder?

Any shareholder who appears in the Company's shareholders' register at the end of the second trading day following the day of the Extraordinary General Assembly.

Can Registered Shareholders subscribe for additional shares?

Yes, Registered Shareholders can subscribe for additional shares by purchasing new Rights during the Trading Period and then subscribe to them during the Subscription Period after completing the purchase and settlement of Rights.

Is it possible for a shareholder to lose his/her eligibility to subscribe even if he/she has the right to attend the Extraordinary General Assembly's meeting and vote on the capital increase through a Rights Issue?

Yes, the Shareholder loses their eligibility to subscribe if they sell their shares on the day of the Extraordinary General Assembly's meeting approving the capital increase or one Business Day prior to said meeting.

How is the Subscription process implemented?

The Subscription process is implemented through submitting Subscription Applications during the Subscription Period through the investment portfolio on the trading platforms through which the purchase and sell orders are filed. In addition to the possibility of subscription through any other means provided by the broker and the custodian of shares.

Can an Eligible Person subscribe to more shares than the Rights they hold?

An Eligible Person cannot subscribe to more shares than the Rights they hold.

If the Company shares are acquired through more than one investment portfolio, in which portfolio will the Rights Issue be deposited?

Rights will be deposited in the same portfolio where the Company's rights-related shares are deposited. For example, if a shareholder holds one thousand (1,000) shares in the Company: (800) shares in portfolio (A) and (200) shares in portfolio (B), then the total Rights amounting to (1,222) Rights, as each share is eligible for (1.222) Rights. Therefore, (978) Rights will be deposited in portfolio (A) and (244) Rights will be deposited in portfolio (B).

In case of subscription through more than one portfolio, where will the new shares be deposited after allocation?

Shares will be deposited in the investment portfolio mentioned in the first subscription application.

Are share certificate holders entitled to subscribe and trade?

Yes, share certificate holders are entitled to subscribe, but they will not be able to trade unless they deposit the certificates in electronic investment portfolios through brokers or the Securities Depository Center ("Edaa"), and bring the necessary documents, before the end of the Subscription Period.

How can holders of share certificates obtain Rights?

Holders of share certificates will obtain Rights according to their ownership, but they will not be deposited due to the failure to register share certificates in investment portfolios with brokers and the Securities Depository Center Company ("Edaa") before the Trading and Subscription Period. In addition, if the procedures for depositing certificates in the investment portfolio are not completed before the beginning of the Trading and Subscription period, the subscription manager will sell the shares resulting from those rights during the remaining offering period and transfer the excess of the offering price (if any) to the Company. The Company will retain those amounts until they are claimed by the share certificate holders, provided that the Company includes evidence of the existence of those amounts due to the share certificate holders and the method of claiming them in the announcement of the distribution of compensation amounts (if any) to the Eligible Persons.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchaser of additional Rights may sell them and purchase other Rights during the Trading Period, only.

Is it possible to sell a part of the Rights Issue?

Yes, the investor can sell a part of these Rights and subscribe for the remaining part.

When can a shareholder subscribe for the Rights Issue they purchased during the Trading Period?

Any time during the Subscription Period, i.e. until the ninth day after the settlement of the purchase of the Rights (two Business Days).

Can the Eligible Person sell or assign the Rights after the end of the Trading Period?

No, it is not possible. After the end of the Trading Period, the Eligible Person may only exercise the right to subscribe to the Rights or not. In case the right is not exercised, the investor may be subject to loss or decrease in the value of their investment portfolio.

What happens to Rights Issue that are unsold or unsubscribed for during the Trading and Subscription Periods?

If the New Shares are not fully subscribed for during the Subscription Period, the remaining New Shares will be offered for subscription through an offering to be organized by the Lead Manager. The amount of compensation (if any) to the Rights holder will be calculated after deducting the subscription value. The investor may not receive any consideration if the sale occurs during the Rump Offering Period at the Offer Price.

Who has the right to attend the Extraordinary General Assembly and vote on increasing the Issuer's capital through offering Rights Issue?

Any shareholder registered in the Company's shareholders register at the Depository Center at the end of the trading session, on the date of the Extraordinary General Assembly's meeting related to capital increase, shall have the right to attend the Extraordinary General Assembly's meeting and vote on increasing the Issuer's share capital through Rights Issue.

When is the share price adjusted as a result of increasing the Issuer's share capital through a Rights Issue?

The share price is adjusted by Tadawul before the start of trading on the day, following the Extraordinary General Assembly's meeting.

If an investor purchase shares on the date of the Extraordinary General Assembly, will they be eligible for the Rights resulting from the increase of the Company's share capital?

Yes, as the investor will be registered in the Company's shareholders register two Business Days after the date of the purchase of shares (i.e., at the end of the second trading day following the day of the Extraordinary General Assembly), bearing in mind that Rights Issue will be granted to all shareholders registered in the Company's shareholders register at the end of trading session on the second trading day following the date of the Extraordinary General Assembly. However, they may not attend or vote in the Extraordinary General Assembly for capital increase.

If an investor has more than one portfolio with more than one broker, how will their Rights be calculated?

The investor's shares will be distributed to their portfolios according to the percentage of ownership in each portfolio. In the event of share fractions, these fractions will be aggregated. Whether the outcome is an integer or more, the integer number will be added to the portfolio in which the investor has the largest number of Rights.

What are Trading and Subscription Periods?

Trading and subscription of Rights shall begin at the same time after (3) three Business Days from the approval of the Extraordinary General Assembly including the approval of the capital increase, until the end of trading on the sixth day, while subscription shall continue until the ninth day, as stated in this Prospectus and the Company's announcements.

Is it possible to subscribe during the weekend?

No, it is not possible.

Can investors, other than registered shareholders, subscribe for Rights Shares?

Yes, upon full purchase of Rights through Tadawul during the Trading Period.

Are There Additional Fees for Trading Rights?

Yes. The usual trading commission applies (up to 0.155% of the transaction value), but there is no minimum fee.

Note:

In case of any queries, please contact the Company at info@sidc.com.sa, and for legal reasons, the Company will only be able to provide the information contained in this prospectus and will not be able to advise on the merits of issuing rights or even provide financial, tax, legal or investment advice

12.12 Trading New Shares:

Trading of the New Shares will begin when all relevant procedures are completed. It is expected to occur after the allocation of New Shares, and the start of trading will be announced at a later date.

12.13 Decisions and Approvals Under Which New Shares Will Be Offered

The decisions and approvals under which the shares will be offered include:

- The Board of Directors' recommendation dated 19/11/1445H (corresponding to 27/05/2024G) to reduce the Company's capital from four hundred million (400,000,000) Saudi Riyals to one hundred and thirty-five million (135,000,000) Saudi Riyals and then increase it from one hundred and thirty-five million (135,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals by offering Rights Issue shares worth one hundred and sixty-five million (165,000,000) Saudi Riyals.
- Approval of the Saudi Tadawul Group for the request to list Rights Issue dated 19/07/1446 H (corresponding to 19/01/2025G)
- Approval of the Capital Market Authority (CMA) for the request to increase the capital dated 16/02/1447H (corresponding to 10/08/2025G).
- Approval from the extraordinary general assembly of the Company's Shareholders held on ●●/●●/●●●●H (corresponding to ●●/●●/●●●●G) to increase the Company's capital through the issuance of Rights Issue. The subscription is represented in offering sixteen million five hundred thousand (16,500,000) ordinary shares at an offering price of ten (10) Saudi Riyals per share, with a nominal value of ten (10) Saudi Riyals per share, and a total offering value of one hundred and sixty-five million (165,000,000) Saudi Riyals, in order to increase the Company's capital from one hundred and thirty-five million (135,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals divided into thirty million (30,000,000) ordinary shares.

12.14 Miscellaneous Clauses:

- The Subscription Application, along with all related terms, conditions, and undertakings stipulated in this prospectus, shall be binding and for the benefit of its parties, applicants, successors, assignees, executors, and heirs provided that, except as specifically provided in this prospectus, no waiver of the application or any rights, interests, obligations arising therefrom, or delegation thereof to any of the parties referred to in this Prospectus shall be made without the prior written consent of the other party.
- These instructions, and any receipt for Subscription Application or related contracts, be governed, construed, interpreted and enforced in accordance laws of the Kingdom of Saudi Arabia and shall be interpreted accordingly. This Prospectus can be distributed in both Arabic and English. In the event of a difference between the two versions, the Arabic prevails.

12.15 Statement of Any Existing Arrangements to Prevent Disposal of Certain Shares

There are no arrangements in place to prevent the disposition of any shares.

13. Change in Share Price as a result of the Capital Increase

13.1 Change in the Share Price as the result of the Capital Increase

The closing price of the Company's shares on the extraordinary general assembly day related to the capital increase is (●) Saudi Riyals, and it is expected to reach (●) Saudi Riyals at the opening of the following day. This change represents a decrease of (●%) in the share price. In the event that any of the Shareholders Registered in the Company's Shareholders' Register at the Securities Depository Center do not subscribe by the end of the second Trading Day following the date of the extraordinary general assembly approving the capital increase, their ownership percentage in the Company will decrease.

13.2 Calculation Method of Share Price as a result of the Capital Increase

Firstly, calculating the Company's market value at the close on the day of the extraordinary general assembly approving the capital increase:

The number of shares at the end of the EGA Day X The closing price of the Company's share on the day of the EGA = The market value of the Company at the close on the day of the EGA.

Secondly, calculating the share price at the opening of the day following the extraordinary general assembly day approving the capital increase:

The market value of the Company at closing the day of the EGA + the value of the shares offered) / (the number of shares at the end of the day of the EGA + the number of shares offered for subscription) = the share price expected in the opening day following the day of EGA.

14. Subscription Declarations

14.1 Overview of the Subscription Application and Declaration

Subscription can be done through trading platforms or any other means provided by the broker to investors. Subscription for the New Shares will be available in one phase as follows:

- During such period, all Registered Shareholders and New Investors are entitled to subscribe to the New Shares. Registered shareholders may during the Subscription Period directly subscribe for the New Shares prorated to its own shares. In case the Registered Shareholder purchases new rights, he or she will be allowed to subscribe for them after the end of the settlement period (two Business Days).
- New Investors are entitled to subscribe for the New Shares after the end of the settlement period (two Business Days).
- Subscription will be available electronically through the investment portfolio on the trading platforms and applications through which sale and purchase orders are entered, as well as other means provided by the broker. Subscription will only be approved for the number of new shares eligible under the Rights in the investment portfolio.
- Each right entitles its holder to subscribe for one New Share at the Offer Price. The Subscriber to the New Shares shall acknowledge the following:
 - Acceptance of all terms and conditions for Subscription stated in this Prospectus.
 - Having carefully reviewed and understood the contents of this Prospectus.
 - Acceptance of the Company's Bylaws.
 - Undertaking not to cancel or modify the subscription application its admission.

14.2 Allocation Procedures

The Rights Issue will be allocated to the Eligible Persons based upon the number of Rights exercised in full and properly. As for those entitled to Fractional shares (if any), the fractions will be aggregated and offered to Institutional Investors during the Rum Offering Period (if any). The total Offer Price of the Rump Shares offered will be settled, and the proceeds from the sale of the Rum Shares and Fractional Shares (if any) will be distributed to the Eligible Person each according to his/her dues, no later than 07/04/2021G (corresponding to 07/04/2021G). In the event of remaining shares after that, the Underwriter will purchase those remaining new shares and they will be allocated to them. There will be no compensation for investors who did not subscribe or sell their Rights and for Fractional Shares owners during the Rump Offer Period.

Eligible Persons shall contact the broker through which they have submitted their Subscription Applications Form to obtain additional information. Notification of the final allocation results will be made no later than 07/04/2021G (corresponding to 07/04/2021G).

14.3 Saudi Tadawul Group (Tadawul)

On 25/08/1442H (corresponding to 07/04/2021G), the Saudi Stock Exchange announced its conversion into a holding company under the name "Saudi Tadawul Group". With a new structure aimed at supporting the development of the Saudi's Capital Market's future and ensuring its continued growth. It is also a step towards preparing the Group for its initial public offering (IPO) during the year 2021G. The Saudi Tadawul Group comprises four (4) subsidiary companies: Saudi Tadawul as a securities market, Securities Depository Center Company (Edaa), the Securities Clearing Center Company (Muqassa), and Wamid Company, which specialized in technical services and solutions based on innovating. Thus, the Group benefits from the integration of the services provided by its subsidiaries and joint ventures, while ensuring the independence of these subsidiaries to provide a flexible and innovative working environment characterized by flexibility and innovation to keep pace with rapid developments in global markets.

Regarding the Tadawul system, it was established in 2001G as an alternative system to the Electronic Securities Information System, and electronic stock trading in the Kingdom began in 1990.

The trading process takes place through an integrated electronic system, which covers the entire trading process from execution to settlement. Trading takes place on every business day from Sunday to Thursday, in a single period from (10:00) am to (3:00) pm during which orders are executed. Outside these hours, orders can be entered, modified, or canceled from (9:30) am to (10:00) am new restrictions and inquiries can be made starting from (9:30) am for the opening session at (10:00) pm. These times may change during Ramadan and will be announced by the Tadawul Management.

The transaction is executed through automatic matching orders and orders are received and prioritized according to the price. In general, the market orders are executed first, which are the orders that include the best prices, followed by the fixed-price orders, and in the event that several orders are entered at the same price, they are executed according to the time of entry.

The Tadawul system distributes comprehensive market information through various channels, including the Tadawul website and electronic trading information link, providing real-time market data to recognized information providers such as “Reuters.” Settlement of transactions takes place within two Business Days, meaning that the transfer of ownership of shares occurs after settlement (two Business Days from the execution date of the transaction).

The Company is required to disclose all decisions and important information for investors through the Tadawul system. The Trading system is responsible monitoring the market, with the aim of ensuring fair trading and the efficiency of market operations.

14.4 Trading of Company Shares on the Saudi Stock Market

An application has been submitted to the Capital Market Authority (CMA) to register and offer Rights Issue shares on the Saudi Stock Exchange, and a request has been made to the Saudi Stock Exchange (Tadawul) for their listing. This Prospectus has been approved, and all requirements have been met. It is expected that the listing and offering of Rights Issue on the Saudi Stock Exchange will commence once the final allocation of Rights Issue has been concluded, which will be announced in due course on Tadawul website. The dates and times mentioned in this Prospectus are preliminary and subject to change with the approval of the Capital Market Authority.

Although Current Shares are registered on the Saudi Stock Market and the Company’s shares are listed on the Saudi Stock Exchange (Tadawul), trading in the New Shares is not permitted until the final allocation process is approved and they are deposited in the subscriber’s ‘ portfolios. Trading in new shares is strictly prohibited before the final allocation process is approved.

The underwriters and the bidders of the Rump Offer who deal in these prohibited trading activities bear full responsibility for them, and the Company will not bear any legal responsibility in this case.

15. Documents Available for Inspection

The following documents will be available for inspection at the Company's Head Office located in Jeddah – Prince Mohammed bin Abdulaziz Street – P.O. Box 12105 – Jeddah 21473, from Sunday to Thursday between (8) a.m. and (5) p.m., starting from the first Business Day after the date of the invitation to hold the Extraordinary General Assembly, provided that such period shall not be less than fourteen (14) days before the date of the Extraordinary General Assembly meeting including the capital increase. These documents will remain available for inspection until the end of the offering.

15.1 Bylaws of the Company and Other Constituent Documents

- Commercial Registration Certificate.
- Bylaws.
- Articles of Association.

15.2 Approvals related to the Offering

- Board of Directors recommendation to increase the Capital issued on 19/11/1445H (Corresponding to 27/05/2024G).
- Conditional Approval of the Saudi Stock Exchange Group (Tadawul) for listing New Shares.
- Approval of the Capital Market Authority for offering of Rights Issue.
- Extraordinary General Assembly resolution approving the increase in capital dated ●●/●●/●●●●H (Corresponding to ●●/●●/●●●●H). This document will be made available for review on the first working day following the date of the Extraordinary General Assembly meeting related to the capital increase.

15.3 All Reports, Letters, and Other Documents, Value Estimates, and Statement Prepared by Any Expert, and Any Part of Them or Reference to Them Included in the Prospectus

- Underwriting Agreement and Lead Management Agreement.
- Written consent by the Financial Advisor, Lead Manager, Underwriter, Legal Advisor, and Accountants for the use of their names, logos, and statements within the Prospectus.



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